

Mainstreaming Environmental Sustainability in EU Funds 2014-2020

Research Study

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IDEAction

in association with

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Key Messages for Policy-Makers

Leadership & Commitment

Commitment to mainstreaming Environmental Sustainability (ES) has slipped in the current Structural Fund (SF) programmes, compared to the previous period, and it is widely regarded now as a “token” commitment.

By contrast, environmental management policies, and the development of a low-carbon economy have at the same time become higher priorities for Government, its agencies and local authorities. However, the wider benefits of investing in ecosystems and biodiversity have been given much less recognition and tend to be regarded mainly as “rural” issues.

The integrated approach to administering the European Structural and Investment Funds (ESIFs) provides opportunities to bring funds together to reinforce each other and achieve multiple benefits (“win-wins”).

Leadership is required to assert the importance of horizontal themes, including ES, alongside other priorities such as economic and social objectives, spend targets, and auditing requirements, at each level in the administration of the ESIFs.

Design & Delivery

Policy and practice need to be connected more directly in administering European funding, through pro-active leadership and a set of management systems and procedures (“Project Delivery System”) designed to mainstream ES at every stage.

The much-reduced number of projects provides the opportunity for more strategic focus on how to achieve multiple benefits from each one.

Outputs and targets for ES need to be included, and progress actively monitored and reported on, for projects in all three themes.

Strategic environmental assessment should be used as a constructive part of the planning, management and reporting cycle, rather than as a disconnected compliance exercise.

Commissioning arrangements for delivery partners and contractors will need to recognise and consolidate the importance of ES as a principle to be applied to all projects.

Monitoring & Evaluation

Outcome-based auditing, in line with Scotland Performs, should ensure ES is taken seriously, if it is included in the outcomes for each of the three themes.

Qualitative reporting and case studies are important to demonstrate progress in the horizontal themes.

Capacity building

Specialist expertise and practical guidance are essential to help identify and make the most of opportunities for mainstreaming the horizontal themes, particularly ES, although there are various ways to organise this.

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Glossary of Abbreviations Used

EAFRD – European Agricultural Fund for Rural Development
EMFF – European Maritime and Fisheries Fund
ERDF – European Regional Development Fund
ES – Environmental Sustainability
ESEP – Eastern Scotland European Partnership
ESF – European Social Fund
ESIF – European Structural and Investment Funds
GE – Gender Equality
HIPP – Highlands & Islands Partnership Programmes
HT – Horizontal themes
LUPS – Lowlands and Uplands Scotland Programmes 2007-13
PAMC – Partnership Agreement Monitoring Committee
PMC – Programme Monitoring Committee
RPAC – Regional Proposal Assessment Committee (for SRDP)
SD – Sustainable Development
SDM – Strategic Delivery Mechanism
SDP – Strategic Delivery Partnership
SEP – Strathclyde European Partnership
SF – Structural Funds
SRDP – Scottish Rural Development Programme

1 ENVIRONMENTAL SUSTAINABILITY IN CONTEXT

1.1 The Remit

Scottish Natural Heritage (SNH) commissioned IDEAction and associates to investigate how environmental sustainability (ES) can be mainstreamed across the thematic objectives of Scotland's 2014-20 European Structural and Investment Funds¹ (ESIFs) programmes with particular reference to *resource efficiency, environmental protection, climate change, biodiversity and natural processes that are critical to ecosystems services*.

This report presents innovative proposals for SNH, the Scottish Government and other relevant stakeholders to consider in that regard. In so doing, and as specified in the Statement of Requirements, it draws on mainstreaming lessons from the operation of the 2007-13 and 2000-06 Scottish Structural Funds programmes.

The evidence base which both underpins and informs these proposals is comprised of two elements:

- a literature review of reports and assessments of initiatives to mainstream ES and the wider concept of sustainable development (SD) in Structural Funds programmes in Scotland and elsewhere;
- primary research in the form of two workshops and 29 semi-structured interviews with 36 stakeholders involved in policy, management, operational or beneficiary roles in current or previous programmes relating to the ESIFs, along with policy experts in relation to issues of relevance to the mainstreaming process.

1.2 Sustainable Development, Environmental Sustainability and Structural Funds

The 'four capitals' (manufactured, natural, human and social) model (Ekins, 1992; GHK, IEEP, PSI et al., 2005) helps to explain the relationship between SD and ES within a regional/rural development context. SD involves aligning economic, environmental and social priorities; ideally leading to 'triple win' outcomes in terms of enhancing the various forms of capitals, and minimising, or increasing the transparency of, unavoidable trade-offs between these priorities (IEEP, et al., 2002). In contrast, ES is a subset of SD and is primarily concerned with safeguarding or enhancing the stock of natural capital in support of wider development objectives, or for its own sake.

¹ European Regional Development Fund (ERDF); European Social Fund (ESF); Cohesion Fund (CF)(not applicable in Scotland); European Agricultural Fund for Rural Development (EAFRD); European Maritime and Fisheries Fund (EMFF).

Both the concepts of SD and ES are incorporated within the EU's overarching policy framework. The EU has a long history of legislating to protect and enhance various aspects of natural capital (see, for example, EC Directives on biodiversity, habitats, birds, waste and pollution control). The 1997 Treaty of Amsterdam made a high degree of environmental protection an absolute priority whilst stipulating that the principle of SD must be incorporated into all EU policies. In 1998 an EC communication obliged all Community institutions to account for environmental issues in all other EU policies (CEC, 1998).

These policy imperatives led to the introduction of ES as a horizontal or cross-cutting theme in the EU's 2000-06 Structural Funds Programmes. The general regulation governing the Funds stated that, *"Efforts should in particular integrate the requirements of environmental protection into the design and implementation of the operation of Structural Funds"* (Council Regulation [EC] No.1260/1999, CEC, 1999).

1.3 Mainstreaming the Environmental Sustainability Horizontal Theme

The process of integrating environmental aspects within Structural Funds programmes described above is commonly referred to as *mainstreaming*. It aims to make *"relevant thematic considerations a regular part of the mainstream policy process, and, in so doing, involves the issues in question being transformed from the exclusive concern of specialists to integral aspects of the day-to-day activity of all economic developers, understood and applied as a routine part of their work"* (EPRC, 2001:17).

Scotland adopted a comprehensive approach to environmental mainstreaming in Structural Funds programmes in both the 2000-06 and current Structural Funds Programming period. This has involved integrating ES in programme and project design, implementation and evaluation. This comprehensive approach has been underpinned by guidance, advice and other forms of support to build stakeholder capacity in these regards (SEPA/SNH, 2004; ESEP, 2004).

The Scottish mainstreaming approach is distinctive in pursuing a dual approach comprised of:

- Ensuring that all funded projects across all the themes address ES as appropriate
- Support for projects specifically designed to achieve positive environmental impacts; for example, in relation to lowering carbon consumption or using natural resources more efficiently. This may include pilot projects to test out new methods or technologies and to act as exemplars.

Consequently, mainstreaming within the Scottish context has sought to 'normalise' ES and broader SD considerations within regional development contexts via Structural Funds support, instead of these issues being viewed by stakeholders as additional 'bolt-ons' to supported projects and programmes.

1.4 Environmental Sustainability in the 2014-20 European Structural and Investment Funds

The idea that rural and regional policy interventions to enhance ES can produce multiple benefits in terms of social and economic outcomes has considerable currency at EU level (EC, 2009). Within a regional development context there is a strong case for environmental interventions (Barca, 2009; IVM, 2009) via *direct* environmental investments (such as supporting biodiversity, environmental protection, green infrastructure) and *indirect* environmental investments (for example, to 'green' transport, energy and production systems). Evidence of 'win-win' (i.e. environmental and economic) benefits arising from such investments is documented in a wide range of studies (IVM, 2009; ENEA (2008); GRDP, 2006); ENEA-REC, 2009).

This idea clearly informs the focus of the 2014-20 ESIFs, as illustrated by the European Commission's list of thematic priorities for investment from which Member States (or devolved administrations therein) are invited to make their selections. These selections will be underpinned by a UK Partnership Agreement (with a separate Scottish chapter) detailing how the ESIFs will meet the EU's strategic ambitions for smart, sustainable and inclusive growth, as set out in Europe 2020. The Scottish Government proposes that all ESIF support will be channelled through three separate Scottish themed funds. These will focus on:

- *competitiveness, innovation and jobs;*
- *environment, resource efficiency and low carbon; and*
- *social inclusion and local development.*

As the Statement of Requirements for this study indicates, the Scottish Government also wishes to identify ways to achieve increased benefits from European funding, in a climate of overall budget reductions, through a more integrated approach to administering the funds.

Against that background, the remainder of the report reviews the experience of mainstreaming in the current and previous programmes (Part 2), then focuses on ways to mainstream ES in the operation of these funds via the ESIF programmes which will be implemented in 2014-20 (Part 3).

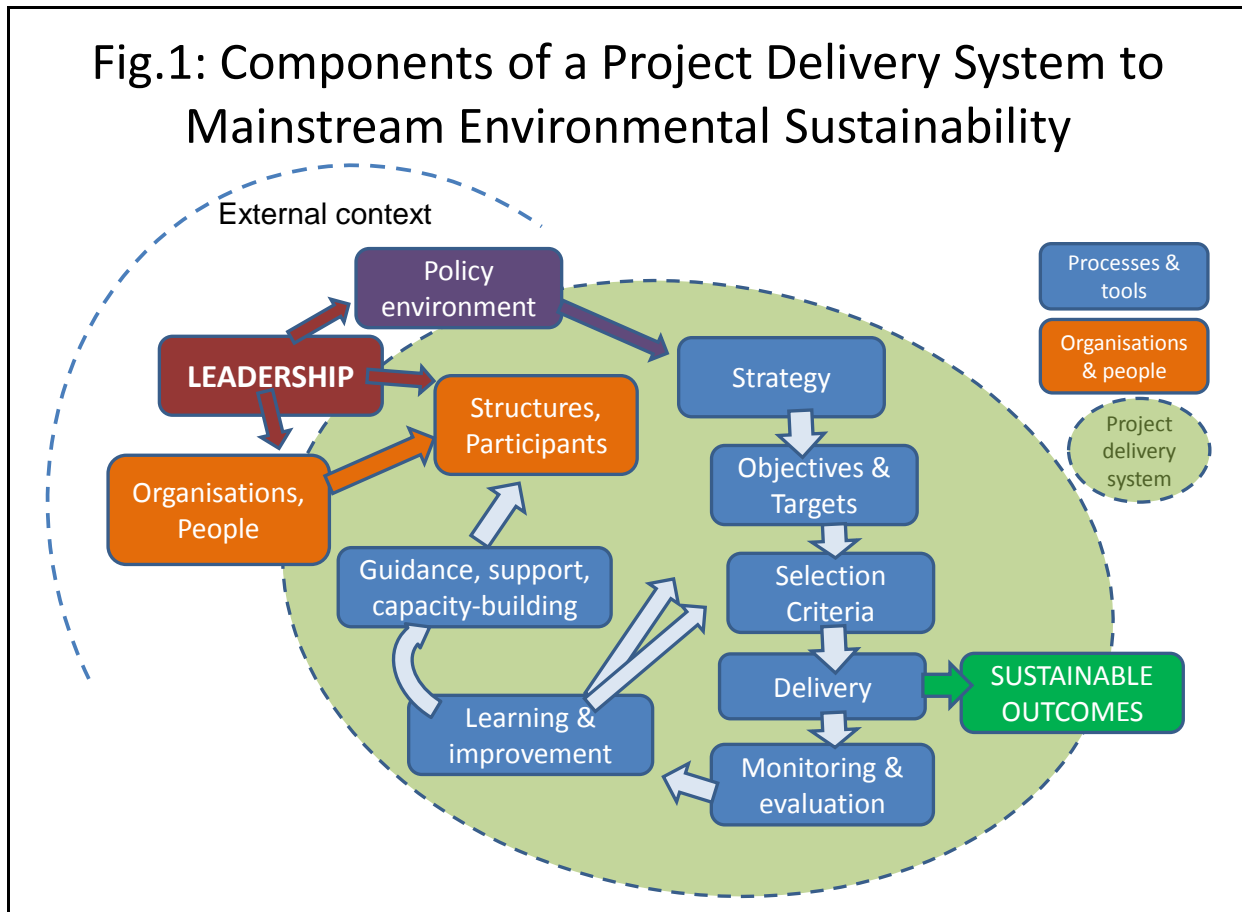
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2 THE EVIDENCE BASE

This section presents and analyses findings from the literature review and primary research which together provide the evidence base for mainstreaming proposals and recommendations contained in Part Three of the report. This section also draws on relevant case studies to outline some innovative approaches to addressing the themes identified in the study remit with further details contained in [Appendix 2](#).

2.1 The Project Delivery System : a Framework for Analysis

A framework has been prepared for presenting the findings from the interviews, workshops and literature review. It is based on a model shown in Figure 1 below, which emerged from a number of sources². Each of the components of the model, and their significance for mainstreaming, are described in [Appendix 7](#).



In summary, the **Project Delivery System** (in the green shaded area) is the organisational structure and set of management processes and tools by which policy is converted into the delivery of the desired outcomes; lessons are learned through evaluation; and support is provided to establish the system and bring about continuous improvement. If well designed and administered, it enables policy to be put into practice.³

² The Strategy-Planning-Delivery-Review-Learning loop at the centre of the model is developed from the process model as used in the Project Lifecycle initiative at Scottish Enterprise in 2004-5. Leadership, people, partnership, processes, results and learning are key elements of the European Foundation for Quality Management (EFQM) Excellence Model. The External Context draws upon models developed by Berman (1980), Armenakis et al (1993, 2002) and Macleod and By (2007) in the fields of implementation studies and change management respectively.

³ Failure to embed a government requirement for mainstreaming sustainable development in practice can be seen in the case of Best Value for Local Authorities and Public Bodies, where the SD cross-cutting duty was backed up by detailed guidance but lacked proactive leadership and commitment, follow-through and detailed audit.

This system is shaped by **external factors** – governmental leadership, the wider policy environment and prevailing circumstances, and the collection of organisations (public, private and voluntary) and their people, which together create the system and operate it. All of these factors are subject to a wide range of other external influences and concerns, as well as contributing towards the operation of the delivery system.

Previous work on the mainstreaming of SD (Macleod and By, 2007) has shown how these external factors act as important variables which can influence the success or otherwise of mainstreaming initiatives.

The Project Delivery System itself is built around a standard **project lifecycle** of strategy → planning → delivery → review → learning.

Collectively all these components provided the basis for collating responses from interviewees, together with outputs from the two workshops and the literature review, regarding the experience of current and previous programmes. These findings are summarised below and in more detail in [Appendix 4](#) and [Appendix 5](#).

2.2 Main findings: overall approach to Mainstreaming

There was a clear view from all types of stakeholder (policy, management, delivery, beneficiaries and “experts”) that the approach to mainstreaming has weakened during the current (2007-13) Structural Fund programmes compared with the previous (2000 – 2006) period. It is no longer being promoted actively by programme management, where specialist advice has been withdrawn and efforts have been diverted into detailed financial auditing. Beneficiaries currently feel that it is only a “token” requirement for projects to consider environmental implications, with no expectation that performance against environmental targets will be monitored. A senior Scottish Government official agrees: mainstreaming *“has not become important enough to applicants, and it’s not tested sufficiently by the process.”*

2.3 Main findings – External Factors (Leadership, Policy Environment, Organisations and People)

2.3.1

Leadership was emphasised by several respondents, both from Scottish Government and from within stakeholder bodies, as necessary to ensure the success of mainstreaming. A senior policy-maker said *“Leadership is an important dimension. It’s the embodiment of saying that this is normal, it’s part of good practice, not something to be frightened of.”* This echoes findings from the literature review on the importance of “principal support”.

However, the evidence showed that the Scottish Government drive for mainstreaming has weakened during the current programme, compared with the previous one. There was a feeling in 2007 that the job had been done, that *“the mainstreaming message had sunk in for programme and project stakeholders by the beginning of the 2007-13 structural funds programmes and that*

therefore it was not necessary to emphasise this to the same degree as in the 2000-2006 programmes.” The Government support for the mainstreaming initiatives in the earlier programmes, including resource commitment by SEPA/SNH to assist the mainstreaming process, was not maintained after 2006. There is now a recognition in Government that the environmental sustainability message has become somewhat lost. This is reflected also in a recent evaluation of the Strategic Delivery Mechanisms, which states: *“While levels of awareness of the horizontal themes of equal opportunities and environmental sustainability were found to be high, the evaluation encountered evidence to suggest that the themes were not treated as proactively as in the previous Programme phase”* (Fraser Associates, 2013, p.3)

2.3.2

Looking at the wider **policy environment**, in recent years Scottish Government has promoted the adoption of **stronger environmental management practices** in its agencies as well as in local authorities – for example the Public Bodies’ Climate Change Duties set out in the Climate Change (Scotland) Act 2009. Several interviewees indicated that the awareness of environmental impacts has become more mainstream across these organisations. Scottish Government is pursuing the Low Carbon agenda and, increasingly, resource efficiency, through the economic development agencies. This emphasis may have drawn attention away from the importance of ecosystems and biodiversity, and there is a perception that Government tends to regard these as essentially rural issues.

2.3.3

Considering the implications for **organisations and people**, this lack of a consistent approach by Government is causing some confusion. *“It feels like the interest from SG programme management has declined. Yet, organisationally, our interest and awareness [in ES] has increased [with] issues of climate change etc and there are more questions being asked internally about how sustainable we might be.”* It is clear that ES is more on the mainstream agenda for public bodies. Whilst **organisational structures** and silos can still obstruct sharing of information and co-ordination of activity, **partnership working** including the Community Planning Partnerships (CPPs) had facilitated information sharing and co-ordination of activities. There are specialist organisations promoting energy efficiency and carbon emissions reduction, and agencies such as Scottish Enterprise have their own “low carbon” specialists working with companies and on strategy.

Despite this, heavy workloads and other priorities can **limit the understanding and adoption** of SD and ES. Those working on projects are often unclear about the practical opportunities for, and benefits of, environmental integration. Some argued that there remains a **gap between policy and practice** in terms of mainstreaming ES in general, not just in administering structural funds.

2.4 Main findings – Internal Processes, Tools, and Participants

As one “expert” pointed out, each stage in the mainstreaming process is like a link in the chain; each one supports the others, and the process is only as strong as the weakest link. Another consultee recognised that each stage of that process is essential in turning policy into practice on ES.

2.4.1

The Strategies for each of the Structural Funds are set out in the Operational Programmes. Each makes a clear commitment to Sustainable Development, tied in with EU and Scottish Government policies, and to the incorporation of the horizontal themes in all projects. The main comments on strategy related not to the Structural Funds but to the SRDP, with suggestions that it needed more of a strategic focus, linking spend to rural development and environmental priorities.

2.4.2

Objectives and targets are crucial to the success of mainstreaming ES. It was argued that there need to be targets specific to the type of projects being developed, rather than contributions to high level targets that are difficult to calculate. This requires qualitative as well as quantitative measures. Project-specific targets would indicate that it is not sufficient for a delivery body simply to adopt good corporate environmental management practices for their projects to meet the requirements of mainstreaming, as some seemed to believe. Experienced beneficiaries and policy-makers recognised the need to focus on the project itself, what it does and what it delivers. Two consultees involved in ESF activity felt, however, that the main focus was on jobs and training, and it was difficult to find appropriate targets for ES.

2.4.3

Selection criteria were an important part of the Scottish regional approaches to mainstreaming SD from 2000-2006. Whilst projects are still expected to indicate their contribution to the HTs, this is seen to be much weaker in the 2007-13 programmes. *“It’s not really embedded in the development of projects, it’s thought about at the end, so it’s really tokenism.”* Nevertheless, evidence was provided that some projects were subject to rigorous examination, and even refused funding, as a result of not addressing ES adequately in their application forms. Several interviewees spoke about the need for proportionality and common sense with the requirement for environmental sustainability in each project, and emphasised that it should not be (as they appeared to see it) an impediment to development of smaller scale projects.

2.4.4

Delivery of environmental benefits is explicit in some projects focusing on renewable energy, or resource efficiency in business, but is less evident in others where the environment is not a primary consideration. Where the actual delivery is contracted out by strategic delivery mechanisms, there is evidence that ES is not fully understood and integrated by delivery partners, particularly in the delivery of ESF schemes. (Fraser Associates, 2013, pp.41-42)

2.4.5

Monitoring and evaluation were emphasised by several interviewees as being crucial. *“People can write a good bid and have a bad project. If nobody is checking up on it, then the commitments may not get followed through,”* according to one beneficiary. Another stated: *“I’ve never known a project had to pay back money because it had not delivered sustainable development outcomes – these are not specifically audited.”* Financial performance dominates audit work, where every payment has to be checked, putting particular strains on ESF administration. This was highlighted several times as a major distraction for the current programmes, and as a result insufficient attention was paid to checking on what the projects should be delivering and there was no time to promote and monitor adoption of the horizontal themes. An Advisory Group member said: *“There are significant issues concerning the effectiveness of audit and evaluation in relation to ES within the current programmes.”*

Relevant project activity is not being systematically measured or recorded. There are fewer relevant indicators in the current programmes and the quarterly claim forms no longer have a section on HTs to report progress against (a sign that the HTs have slipped further down the list of priorities in terms of programme management and evaluation)."

Formal evaluation tends to focus on financial and economic performance, and quantitative assessment, although some ex post evaluations and bespoke studies have looked at the implementation of the horizontal themes. Examples are provided in [Appendix 1](#).

The failure to use the **Strategic Environmental Assessment (SEA)** process proactively was highlighted. In contrast, it was pointed out that the North Sea Interreg Programme uses it as a tool for target-setting, monitoring and reporting on progress against the original environmental baseline and SWOT assessment.

2.4.6

Learning should flow from formal evaluation and practical experience, stimulating **improvement** in future programmes and projects, and the understanding of the theory and practice of SD and ES. The review of the early pilot project in which ESEP took part regarded SD (and by implication ES) mainstreaming *"as a process of learning and adaptation"*. However, an "expert" said that barriers to mainstreaming included *"the change of staff and the impact on organisational memory"*, and *"when promoting SD is not seen as a learning process but another task – not as something more fundamental, with broader societal benefits."* Another stated that experience provides *"key lessons in operationalising mainstreaming, but people don't want to learn from the experience of others."* At the Interim Workshop, it was argued that although we had been trying to promote mainstreaming of HTs through two 7-year programmes, we still had a lot to learn.

2.4.7

Guidance, support and capacity-building are the means by which learning is transferred to those taking on the task of mainstreaming. Scottish Government felt that this was no longer required when the current programmes were launched. However, the evidence above on learning shows that the task is a lengthy one, although the support mechanisms may change. One experienced manager, providing guidance to operational colleagues, said that *"as ever we're on a journey; you can see a change has taken place over the past 10 years....we've agreed to update our guidance and toolkits, using simple language and case studies, but we're not yet at a stage where we can exit it."* Resources are required to provide this expertise, and the changes in 2007 removed the national and regional support arrangements for mainstreaming HTs, to the perceived detriment of the process.

2.4.8

Participants in the process of administering and delivering structural funds should gradually build their understanding of the benefits of mainstreaming HTs and the means of achieving this. As the ESEP experience showed, involvement of partners in shaping the mechanisms for mainstreaming can build real understanding, ownership and commitment to make it work. The LEADER programme provides a model for bringing together local stakeholders in rural communities to achieve multiple benefits which could be used more widely.

Some stakeholders argued that mainstreaming means there is no need for anyone to champion the process, as it becomes everyone's responsibility. However, the evidence from the current PMCs, and exercises such as the 2012 Scottish Parliament review of Structural Funds (Scottish Parliament,

2012), indicates that when there are competing pressures for attention, this leads to no-one taking responsibility. There is still a need for champions with sufficient knowledge and authority to make sure that ES is discussed and built in to the processes, so that it cannot be regarded as a disposable or optional topic. Leadership is required to ensure this happens in practice.

2.4.9

Sustainable outcomes should be the end result of all these processes, although one interviewee cautioned against focusing just on outcomes, which were subject to many other influences. In this person's view, the focus should be on measuring outputs, which should include both quantitative and qualitative environmental benefits. (Examples of qualitative benefits could include increased sharing of environmental experience among businesses or farmers, improved physical connections between important wildlife habitats, greater self-confidence among trainees in identifying opportunities for energy efficiency, or the outcomes from one project influencing other activities by the organisations involved.)

2.5 Enablers and Barriers for Mainstreaming

The main enablers and barriers for mainstreaming of ES are summarised below. A simplified set of headings is used here, and to present the proposals for the future in Part 3, bringing together the relevant components of the Project Delivery System.

Requirements and Enablers

Leadership and commitment

- High level leadership, commitment, understanding and proactive support, evident at all levels
- Good strategic fit and evidence base
- ES and other HTs given equal priority with other mainstream considerations
- Shared commitment by partners to mainstream ES, but with someone accountable for ensuring it happens

Design & Delivery

- Designing ES and other HTs in from the start, not as an afterthought
- Objectives and targets set for ES and HTs
- Project selection criteria, appropriate and proportionate to the type and scale of project
- Project-specific measures including qualitative assessment

Monitoring and Evaluation

- A rigorous performance framework for measuring and monitoring ES and HTs, with the expectation that checks will be made
- Formal evaluations to include ES

Capacity building

- Creativity and flexibility allowed for in project design, problem solving, etc

- One-to-one advice, guidance material and case studies explaining practical implementation and benefits
- Readiness to learn and to share project experience through networks
- Collaboration across internal boundaries and through partnerships

Barriers

Often the absence of an important enabler acts as a barrier to mainstreaming, but the following are particularly noteworthy.

Leadership & Commitment

- Strategic and rhetorical commitments not followed through in practice
- Time constraints - not seen as a priority - pushed off the agenda
- No-one takes responsibility as it's not in their job description
- Considering ES only as an afterthought, a token exercise

Monitoring & Evaluation

- Measurement, monitoring and evaluation focused on financial performance and economic outputs, using only quantitative measures

Capacity building

- Unwillingness to learn from others - "not invented here" syndrome
- Silo-thinking – reluctance to consult and involve others.

2.6 Environmental Sustainability Themes

Drawing on the evidence from the lists of approved projects, as well as the interviews, the five environmental sustainability themes identified in the Statement of Requirements⁴ have featured rather differently across the Funds.

Climate change mitigation has attracted most SF project funding, with a significant proportion of both HIP and LUPS ERDF projects dedicated to renewable energy research and production. A few HIPP ESF projects have also related specifically to skills for renewable energy. There have also been numerous projects to develop public transport in the LUPS area, and some to develop active travel infrastructure in both regions. Projects to assist with climate change **adaptation** are not evident, although measures for mitigation and adaption have been designed in to infrastructure projects. EAFRD support will have helped address both mitigation and adaptation needs (with mitigation via afforestation and peatland management being the most significant), primarily at a farm-unit level rather than on a more integrated basis.

Resource efficiency has featured in a smaller number of ERDF projects, mostly providing support to businesses, including energy efficiency. These also support climate change mitigation. It is also part

⁴ Climate change; resource efficiency, environmental protection; biodiversity; ecosystem services

of some ESF employability projects, helping trainees gain the expertise required by prospective employers.

Environmental protection and **Biodiversity** do not appear to have been a main feature of ERDF and ESF projects, although biodiversity makes an important contribution to green tourism, which has received ERDF support in both HIPP and LUPS regions. Both themes should have been taken into account in the design of projects to mitigate potential damage to the environment and promote biodiversity. These are major features of EAFRD support as well as being underpinned through Cross-Compliance under the wider CAP.

Critical ecosystem services assist with climate change adaptation in urban, rural and coastal areas as well as providing important health and recreation benefits, supporting biodiversity and ensuring clean water and air. They do not appear to have been recognised in the support from structural funds, although again they may have been taken into account in managing the impacts of specific projects. EAFRD makes important contributions to these, and more could be done through a more integrated approach both geographically and with the structural funds.

2.7 Innovative approaches to achieve multiple benefits (“win-wins”)

Case studies are a frequently used means of capturing the lessons from projects so that they can be shared with others. They are particularly relevant in helping people to understand how SD and ES can be put into practice, showing the kind of obstacles to be overcome, the secrets of success, and the benefits that can result. It is important not to try simply to replicate projects set out in case studies, as many of the features will be specific to each individual project, but to draw out the main transferable lessons and if possible contact the project manager for further details and guidance. This can help to reveal any additional issues which were missed from the published version.

This study has uncovered several collections of case studies which demonstrate the opportunities for achieving “win-win” situations through mainstreaming. Examples are provided in [Appendix 2](#). They complement the findings on policy and process covered earlier.

Among the main lessons from these case studies are the following:

- The creativity and enthusiasm of project managers or organisational leaders can make the most of opportunities.
- Rural development projects can be supported through any of the ESIFs, and deliver win-win benefits.
- EU funding mechanisms can be combined to reinforce each other
- Green infrastructure is a powerful way to provide benefits across the three pillars of sustainable development, and in most categories of environmental mainstreaming.
- Working on environmental projects can help develop employability skills and restore self-confidence

- Social enterprises can find innovative ways to combine environmental benefits with skills development
- Resource efficiency projects can deliver waste reduction, emissions reductions, and increased business efficiency

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3 LOOKING AHEAD

3.1 A new integrated approach to managing the ESIFs

The circumstances in which the ESIFs will be administered in Scotland from 2014-20 will differ significantly from the previous programming periods, and so the lessons need to be considered and adapted to the new situation. The most significant changes, and the consequences for mainstreaming of ES and the HTs, are as follows.

- Integrated use of ESIFs through the themed funds will create opportunities to achieve win-win-wins in line with SD, if projects adopt targets from more than one theme
- Fewer, larger SF projects will allow more effort to build ES and other HTs into each one
- The end of challenge funding in the SFs means there is no longer a need to build understanding on ES and other HTs across large number of applicants
- Contracting projects out to delivery bodies requires those bodies to understand the importance of HT requirements including ES
- Contracting delivery to smaller organisations should allow them to be flexible and innovative in detailed project design and delivery arrangements
- Shift to unit costing and outcome-based auditing, for fewer SF projects, should mean there's more time to monitor performance against HTs, including qualitative measures
- Integration of SFs with EAFRD and EMFF should create scope for projects linking urban, peri-urban and rural areas, e.g. in relation to greenspace, recreation, tourism, biodiversity and ecosystem services
- Governance arrangements for the individual funds managed within a single PAMC and three themed funds will create some challenges for effective integration, particularly with EMFF being a UK-wide fund
- Scotland-wide coverage of new themed funds and the PAMC can enable knowledge-sharing and development of innovative approaches to take place on a national basis
- Challenge Partner concept can contribute to development of innovative and cost-effective projects.

The proposals set out below combine these ideas with the lessons from the current and previous programmes set out in Part 2, as well as other suggestions which emerged from the interviews and workshops.

3.2 Proposals for Mainstreaming Environmental Sustainability in the ESIFs, 2014-20

3.2.1 Leadership and Commitment

Leadership: The Scottish Government needs to demonstrate clear commitment to achieving ES mainstreaming and ensure that this is reflected in the design, delivery and evaluation of the ESIFs, with appropriate support mechanisms in place.

Beyond tokenism: The Scottish Government should make clear that ES is not an “optional extra” and strengthen the profile of ES to go beyond the weak idea of a ‘consideration’. Someone should be identified in the PAMC who is accountable for ensuring that mainstreaming happens, although all PAMC members should understand their responsibility for contributing to this.

Stretching the boundaries: The PAMC and SDPs should be ready to test out new approaches in the pursuit of effective integration, cost-effectiveness, and mainstreaming of ES, through some of the ideas set out below (including making better use of Strategic Environmental Assessment; clustering projects; exploring linkages with LIFE and Interreg programmes; using life-cycle costing and green procurement).

“Environmental sustainability” or “sustainable development”?: There should be a clear, agreed definition of these terms, the inter-relationship between them, and how they are used by Scottish Government, along with others such as “sustainable economic growth” and “sustainable business”. “Environmental sustainability” should be understood as one element within “sustainable development”, and the terminology used should be appropriate to the audience and the context.

3.2.2 Design & Delivery

Designing processes for mainstreaming: The SDP partners and the Challenge Partners should be involved in the design of the processes they will use to mainstream ES and the other HTs. This will build understanding and ownership, and should help ensure that the outputs are appropriate and workable. It could be organised across the three themed funds, to stimulate “out of the box” thinking and build valuable connections. This design and development activity should be supported by a suitably qualified facilitator (see “Capacity building” below).

Project design criteria: These can be used to “front load” ES into projects by, for example:

- Setting minimum standards for infrastructure projects that are higher than statutory requirements, e.g. using the BREEAM standards.
- Using a higher intervention rate for projects which incorporate high environmental standards or are particularly innovative in terms of ES
- Looking at the opportunities to use green procurement, carbon assessment or life-cycle costing in order to favour solutions which incorporate ES

- Requiring that projects set targets for environmental outputs and outcomes that can be audited.

Proportionality and relevance: ES mainstreaming should be applied constructively to all projects from each of the themes, according to their scale and purpose.

Rewarding integrated use of the funds: Encourage initiatives to combine funds in order to secure multiple benefits, or to cluster projects and reinforce the impact of each one, thereby achieving greater overall benefits. Projects should also be encouraged which future projects (whether EU-funded or not) can build on, adding to the return on investment.

Project delivery:

- SDPs should ensure through delivery contracts that the commitment to mainstreaming ES is understood and adopted by delivery partners, and provide training and guidance support if necessary⁵.
- Flexibility should be built in to project specifications to encourage innovation by delivery bodies, e.g. by testing out new approaches which could improve environmental performance.

3.2.3 Monitoring and evaluation

- The achievement of greater environmental sustainability should be one of the principal outcomes of the programmes, and be audited along with other intended outcomes
- Auditors may need to be trained to enable them to assess project performance in terms of ES, which should include qualitative as well as quantitative measures.
- Each SF or integrated project should provide its own story (case study) for reporting and evaluation purposes, with the Commission now encouraging this
- Annual reports from the SDPs to the PAMC should highlight performance in terms of the HTs, demonstrating progress in mainstreaming and promoting innovative approaches through the use of project case studies
- Formal evaluations should give due attention to the mainstreaming of HTs, drawing on both qualitative and quantitative evidence of progress and lessons learned
- Opportunities to use the SEA process to assist with programme monitoring and evaluation should be pursued.

3.2.4 Capacity-building

The experience of the current programme illustrates the need for continued efforts to build understanding of the benefits of mainstreaming ES in project design and the practical ways of

⁵ This follows from the recommendations of the recent evaluation of SDMs: Fraser Associates (2013), p.53

achieving this. Approaches used under the previous programme may no longer be appropriate⁶, and consideration should be given to the following support arrangements:

- Establish an on-line community of practice, where practitioners could share their experience; identify individuals with high levels of expertise in specific fields; help new members to get up to speed quickly; and build up a repository of case studies and links to other online guidance
- Develop a shared service involving ES specialists employed by SDP partner organisations and other Scottish Government funded bodies who could be called on for advice and technical assistance, and to deliver training (e.g. for auditors and delivery partners), as required
- Identify a facilitator for the community of practice, to ensure that on-line materials are kept up to date, to identify gaps in knowledge, link up with other knowledge networks and stimulate discussion on emerging topics of interest
- Organise facilitation for the PAMC and the SDPs to assist with the design and development of procedures and mechanisms to support mainstreaming at all stages in the process.

3.3 Project ideas and integration

There are considerable challenges in achieving effective integration between the Structural Funds and the Rural and Marine funds, but commitment to bringing this about can result in significant benefits. With fewer, larger projects, change can be considered at a strategic level, with projects clustered and linked to maximise the collective impacts. The possibility of developing links with the LIFE programme and some Interreg programmes has been discussed, and appears likely to offer similar potential benefits.

Examples of topics which seem to offer particular potential in terms of ES include:

- The development of green and blue infrastructure (greenspace, waterways and wetland) which can benefit urban and rural areas and contribute to a number of Scottish Government policy objectives, including climate change adaptation, active travel and outdoor recreation, tourism development and improved public health. All these have significant economic benefits, such as reduced impacts of flooding, reduced pressure on road infrastructure, reduced absenteeism and stress at work and reduced healthcare costs.
- Resource efficiency projects, which improve business competitiveness, reduce carbon emissions, can help develop valuable skills and can stimulate innovation in other areas of a business.

⁶ The idea of “theme champions” for each of the HTs is recommended in the Fraser Associates report, as with previous Programmes, to “*proactively promote the themes and assist in sharing best practice.*” This study concludes that the role of theme facilitator working with the community of practice could be an equally effective arrangement.

4 Conclusions

This study has shown that the efforts to mainstream SD or ES in the current and previous programmes have had limited success. It has identified ways in which mainstreaming can bring about ‘win-wins’, providing better returns from projects supported by EU funds. There are opportunities in the new integrated approach to administering the ESIFs for mainstreaming to be more successful. This will require commitment at all levels, from Scottish Government in providing clear leadership for the initiative, and from the PAMC and SDPs in making it happen in practice.

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APPENDICES

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APPENDIX 1: KEY FINDINGS FROM THE MAINSTREAMING LITERATURE

Introduction

This appendix presents findings from relevant literature on environmental mainstreaming to provide part of the evidence base for the analysis and proposals contained in the main report. In that sense, the following discussion complements the primary research undertaken within the context of the study. The discussion begins by placing environmental sustainability within the wider conceptual context of sustainable development, before outlining the relationship between environmental sustainability and multiple economic and social benefits. Finally it examines literature findings concerning requirements and enablers for mainstreaming in practice.

Environmental Sustainability in Context

The best known definition of sustainable development is that of the World Commission on Environment and Development (the 'Bruntland Commission') which defines the concept as, *"development that meets the needs of the current generation without compromising the ability of future generations to meet their own needs"* (WCED, 1987:43). Ideally, sustainable development seeks to make mutually reinforcing positive links between its economic, environmental and social components, so that development relating to any of these dimensions is not compromised. Although the terms 'sustainable development' and environmental sustainability are sometimes used interchangeably, they are not the same thing.

The 'four capitals' (manufactured, natural, human and social) model (Ekins, 1992; GHK, IEEP, PSI et al., 2005) helps to clarify and explain the relationship between sustainable development and environmental sustainability within a regional/rural development context. Sustainable development involves balancing economic, environmental and social priorities; ideally leading to 'triple win' outcomes in terms of enhancing the various forms of capitals, and minimising, or increasing the transparency of, unavoidable trade-offs between these priorities (IEEP, et al., 2002). In contrast, environmental sustainability is a subset of sustainable development and is primarily concerned with safeguarding or enhancing the stock of natural capital in support of wider development objectives, or for its own sake.

Environmental Sustainability and Multiple Benefits

The idea that rural and regional policy interventions to enhance environmental sustainability can produce multiple benefits in terms of social and economic outcomes has considerable currency at EU level (EC, 2009). Within a regional development context there is a strong case for environmental interventions (Barca, 2009; IVM, 2009) via **direct** environmental investments (such as supporting biodiversity, environmental protection, green infrastructure) and **indirect** environmental investments (for example, to 'green' transport, energy and production systems). Evidence of 'win-win' (i.e. environmental and economic) benefits arising from such investments is documented in various studies (IVM, 2009; ENEA, 2008; GRDP, 2006); ENEA-REC, 2009) and are further illustrated in case-studies contained in appendix 2.

Other high profile global initiatives such as ‘*The Economics of Ecosystems and Biodiversity*’ (TEEB) have been supported by the European Commission and emphasise the economic benefits of biodiversity (TEEB, 2010). The 2013 *State of Nature* report (a collaboration between 25 UK conservation and research organisations) illustrates the multiple health and wellbeing benefits provided by the natural environment in urban and rural settings (RSPB et al, 2013). Other publications such as *Nature and Sustainable Growth* (RSPB Scotland; 2008) make the case for investing in green networks to achieve multiple social, economic and environmental benefits. Similarly, the UK’s statutory environmental and conservation agencies, working together as the European Regional Policy Group (ERPG) have made the case for the environment as an economic driver in *The Environment, Economic Growth and Competitiveness* (ERPG, 2006).

Mainstreaming the Environmental Sustainability Horizontal Theme in Structural Funds Programmes

Both the concepts of sustainable development and environmental sustainability are incorporated within the EU’s overarching policy framework. The EU has a long history of legislating to protect and enhance various aspects of natural capital (see, for example, EC Directives on biodiversity, habitats, birds, waste and pollution control). The 1997 Treaty of Amsterdam made a high degree of environmental protection an absolute priority whilst stipulating that the principle of sustainable development must be incorporated into all EU policies. In 1998 an EC communication obliged all Community institutions to account for environmental issues in all other EU policies (CEC, 1998).

These policy imperatives led to the introduction of environmental sustainability as a horizontal or cross-cutting theme in the EU’s 2000-06 Structural Funds Programmes. The general regulation governing the Funds stated that, “*Efforts should in particular integrate the requirements of environmental protection into the design and implementation of the operation of Structural Funds*” (Council Regulation [EC] No.1260/1999, CEC, 1999).

The process of integrating environmental aspects within Structural Funds programmes described above is commonly referred to as *mainstreaming*. It aims to make “*relevant thematic considerations a regular part of the mainstream policy process, and, in so doing, involves the issues in question being transformed from the exclusive concern of specialists to integral aspects of the day-to-day activity of all economic developers, understood and applied as a routine part of their work*” (EPRC, 2001:17).

Scotland adopted a comprehensive approach to environmental mainstreaming in Structural Funds programmes in both the 2000-06 programme period (Macleod, 2005). This involved integrating environmental sustainability in programme and project design, implementation and evaluation. The comprehensive approach was underpinned by guidance, advice and other forms of support to build stakeholder capacity in these regards (SEPA/SNH, 2004; ESEP, 2004).

The Scottish mainstreaming approach has been distinctive in pursuing a dual approach comprised of:

- Support for projects specifically designed to achieve positive environmental impacts; for example, in relation to lowering carbon consumption or using natural resources more efficiently. This may include pilot projects to test out new methods or technologies and to act as exemplars.
- Ensuring that all funded projects across all the themes address environmental sustainability as appropriate.

Consequently, mainstreaming within the Scottish context has sought to 'normalise' environmental sustainability and broader sustainable development considerations within regional development contexts via Structural Funds support, instead of these issues being viewed by stakeholders as additional 'bolt-ons' to supported projects and programmes.

Requirements and Enablers for Mainstreaming Environmental Sustainability

Leadership and Commitment

A number of reports on environmental sustainability mainstreaming in structural funds programmes have highlighted the importance of **leadership** and **commitment** from key stakeholders to ensuring success in practice (ESEP, 1999; SEPA/SNH, 2004). The Scottish Government's summary report of mainstreaming lessons learned from the 2000-06 structural funds programmes noted, *"For mainstreaming to result in significant and long-lasting organisational change, there needs to be buy-in at a senior level. Mainstreaming requires not just representation and champions at different levels of policy and project design and delivery, but a clear priority placed on the Horizontal Themes by management."* (Scottish Government, 2008:27).

Whilst such leadership and commitment was evident in the 2000-06 programmes in particular (Macleod, 2005), it appears to have waned in the current programming period. Indeed, a recent evaluation of delivery mechanisms in the current programming period states, *"[w]hile levels of awareness of the horizontal themes of equal opportunities and environmental sustainability were found to be high, the evaluation encountered evidence to suggest that the themes were not treated as proactively as in the previous Programme phase."* (Fraser Associates; 2013:3). This lack of profile in the current programming period is further evidenced by the failure of the Scottish Parliament's European and External Relations Committee to explicitly refer to environmental sustainability mainstreaming in its recent report on EU Structural Funds (Scottish Parliament, 2012).

Design and Delivery

Several factors linked to programme design and delivery help explain the relative priority afforded to environmental sustainability in the 2000-06 and 2007-14 Scottish structural funds programmes. These include:

- **The significance of partnership working in enhancing programme and project implementation from a sustainable development (and by extension, environmental sustainability) perspective** (EPRC, 2009). In Scotland the differentiated partnership model used to develop the 2000-06 structural funds programmes has been described as providing *"a unique catalyst for the ambitious mainstreaming approach being pursued"* (Macleod, 2005:326); one which enabled stakeholders to jointly take ownership of that mainstreaming approach and embed it in programme design, delivery and evaluation. Conversely, a separate study on the impact of ERDF support for regions with geographical specificities (European Commission, 2011) found that the more centralised approach to planning the 2007-14 structural funds programmes was perceived to have eroded the level of stakeholder 'buy-in' to the partnership process within the Highlands and Islands context.
- **The extent to which environmental sustainability has been clearly understood as a concept and viewed as a priority within structural funds programmes.** EPRC's 2009 study reports varying interpretations of sustainable development and environmental sustainability by stakeholders in structural funds programmes in different EU member states. It also reports

limited understanding of how to operationalise the concept in practice. Similar findings were reported by Fraser Associates in their recent evaluation of delivery mechanisms. It stated, “[w]here the actual delivery is contracted out by strategic delivery mechanisms, there is evidence that ES is not fully understood and integrated by delivery partners, particularly in the delivery of ESF schemes.” (2013: 41-42). In turn, these findings echo the mid-term evaluations of Scotland’s 2000-06 ERDF and ESF programmes within the context of the sustainable development horizontal theme. “Sustainable development is not a major concern for most projects at present” (Hall Aitken, 2003); “[The sustainable development theme is] generally not viewed as a business requirement [by project managers. It is] considered worthwhile but not essential.” (Roger Tym Associates, 2003).

- **The appropriateness of selection criteria when assessing projects’ contribution to environmental sustainability.** The Scottish Government’s review of lessons learned from the 2000-06 programme makes a case for weighting funding awards according to the extent to which applications address environmental sustainability, stating, “[f]or the Horizontal Themes to be taken seriously, the programmes need to build in clear financial incentives to encourage their adoption” (2008:26).

Monitoring and Evaluation

The importance of monitoring and evaluating the mainstreaming process is highlighted in several reports. The Scottish Government’s review acknowledges the need for proper and regular assessment to ensure the Horizontal Themes are being mainstreamed. It also advocates giving “due weight to qualitative measures of success, particularly changes in perception and behaviour” in light of limitations to programme indicator sets for capturing relevant data (2009:27). Similarly, the challenges of measuring progress in mainstreaming, data collection problems and pressures to absorb funds have all been identified as barriers to effective monitoring and evaluation (EPRC, 2009; Macleod, 2005).

Capacity Building

There is a general consensus in the literature regarding the importance of building stakeholder capacity to ensure that mainstreaming is effective. In particular there is a need to equip project managers with the knowledge, tools and methods for [sustainable development] integration (Taylor et al, 2001; Polverari et al, 2004). Other reports contend that strong and clear guidance is required in that regard (SEPA/SNH, 2004; EPRC, 2009). Moreover, the role of environmental ‘champions’ has been identified by the Scottish Government as “critical to the Scottish [mainstreaming] approach” (2008:8).

The importance of case-studies is also recognised in the literature as regards illustrating and sharing mainstreaming experience within particular project contexts, whilst enabling qualitative evaluation of that experience to be undertaken (ESEP, 2004; SEPA/SNH, 2004; EPRC, 2009). In a similar vein, several reports call for the establishment of training and mutual learning networks which can contribute to a *proactive learning process* as regards what does and does not work within a mainstreaming context (Moss and Fichter, 2000; Scottish Government, 2008; IEEP et al, 2011).

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APPENDIX 2: CASE STUDIES OF PROJECTS WITH MULTIPLE BENEFITS

The following are brief case-study summaries of projects that have received funding via European Structural and Investments Funds, either during the current programming period or in 2000-06. The projects demonstrate multiple benefits as a result of investments in support of aspects of environmental sustainability. Cases 1-6 are drawn from a recent report titled *Delivering Sustainable Growth* for the Land Use Policy Group (Promar International, 2013). Case-study 7 is drawn from 'The Environment, Economic Growth and Competitiveness', published by the UK statutory environmental and conservation agencies working collaboratively as the European Regional Policy Group (2006). Case study 8 is drawn from a recent report by the Institute of European Environmental Policy (IEEP) and associates (2013). Cases 9-12 emerged from the interviews carried out for this study, but (apart from 9) were not published as case studies and there is less detail on performance. Nevertheless they help illustrate the opportunities to provide multiple benefits including ES through European funding.

The Case-Studies

1. **The Regional Biomass Advice Network (RBAN), Scotland**

Description

ERDF used to support provision of advice and supply chain development to increase renewable energy production and distribution, thereby contributing towards the transition towards a low carbon economy.

Outcomes

- **Moving to a low carbon economy -**
 - Installed capacity of the biomass sector increased from 27.1 MW to 41.6 MW April 2008 – July 2011. 10.6 MW (73%) of the increase has been attributed to the impact of RBAN.
 - Increase in growth of the biomass business sector from £30.6m to £113.2m with £13.5m attributed to the project
- **Enhancing business competitiveness -**
 - 150 businesses received support and advice.
 - 20 jobs created representing 12% of all new wood fuel jobs
 - 11 new marketing initiatives established

2. **The Livestock Northwest Programme, Northwest England**

Description

EAFRD supported project to enhance competitiveness of the Livestock sector in North West England. Aim achieved via provision of specialist advice and peer-to-peer learning designed to help farmers improve their economic and environmental performance.

Outcomes

- **Enhancing the competitiveness of the agricultural sector** - Assisted 900 businesses, increasing their profitability by £4.3 million.
- **Moving to a low carbon economy** – Saved 540 tonnes of CO₂e (£580,000) via new low carbon technologies adoption.

- **Protecting the environment and promoting resource efficiency** - saved 48,928m³ water from slurry stores/lagoons and 54,872 kWh (£576,161) of energy.
- **Investing in skills** - 2,038 farmers received specialist advice; 1,500 farmers now better equipped to use ICT.

3. **The Branching Out Programme, Tir Coed, Ceredigion, Wales**

Description

ERDF and ESF supported programme to promote social inclusion amongst vulnerable and marginalised young people in Wales by developing their social and vocational skills via accredited training in woodland nature reserves.

Outcomes

- **Promoting social inclusion** - Engaged 119 vulnerable young people to deliver training and skills development.
- **Investing in education, skills and lifelong learning** – Facilitated 60 individuals into training of which:
 - 15% (18 individuals) progressed onto part-time, full-time or self-employment;
 - 18.5% (22 individuals) have moved into further training scheme;
 - 17% (20 individuals) have gone on to further volunteering.
- **Protecting the environment and promoting resource efficiency** -
 - Improved woodland management across 8 sites.
 - 6.8 kilometres of new footpaths created.
 - 3 timber framed wildlife observation hides.
 - 3 new footbridges.

4. **The Blue Seafood Company, Devon**

Description

EFF used to enable the Blue Seafood Company to develop a safe, cost effective and more environmentally sustainable approach to the disposal of seafood processing waste via innovation and technological developments.

Outcomes

- **Strengthening research and innovation** –
 - Investing and testing a new processing system to improve product development within the company's factories.
 - Production of an innovative soil improver and a potential whelk bait product using crab by-products for the whelk industry.
- **Protecting the environment and promoting resource efficiency**
 - Waste arisings reduced by 650 tonnes (65%).
 - Energy use reduction of 14,300 kWh per annum by changing the cooking and cooling time of crab per batch by 23 minutes.
- **Enhancing competitiveness of small and medium sized enterprises, the agricultural sector (EAFRD) and the fisheries and aquaculture sector (EMFF)** -
 - Waste by-products better utilised, leading to savings of approximately £42,000 in landfill charges per annum.
 - Expectations of £30,000 additional income from Whelk bait once marketed.
- **Supporting a shift towards a low carbon economy in all sectors**
 - Installation of Solar Photovoltaics, resulting in generation of 97,500kWh of electricity.

5. Carbon Approaching Neutral (CAN), Moffat, Scotland

Description

Investment from (EAFRD), through LEADER, used to support the technological development and innovation required to pilot and develop a 'closed-loop' aquaponics system. As a result, the CAN community enterprise has developed a sustainable, resource efficient, low carbon food supply, proving the organisation with a new income stream. This income has enabled CAN to achieve community objectives relate to community engagement, environmental improvement and employment creation.

Outcomes

- **Strengthening research and innovation**
 - CAN established the first successfully operating aquaponics scheme in Scotland.
 - SME competitiveness has been enhanced by establishing four supply chains with restaurants, hoteliers and grocers. There is a mobile delivery service supplying fish, salad and vegetables.
- **Promoting employment**
 - Five jobs generated in establishing and implementing the aquaponic system.
- **Investing in education, skills and lifelong learning**
 - 50 individuals provided with formal and informal training on courses including health and safety, food safety and personal development.
- **Promoting resource efficiency**
 - 9855kWh of energy saved and CO2 emissions reduced by 42.3 tonnes per annum.

6. Alkborough Flats Managed Realignment Site, North Lincolnshire

Description

ERDF support to flood risk reduction in North Lincolnshire by designing a scheme to make space for water in the area, operating alongside traditional flood defence schemes. The approach adopted provides a wetland habitat for wildlife, including internationally important wading birds and wildfowl. The local economy has benefitted reduced flood risk and creation of a new tourism resource.

Outcomes

- **Protecting the environment and promoting resource efficiency**
 - Improved biodiversity and enhanced ecosystems by providing new habitats for wading birds, invertebrates and fish.
- **Promoting climate change adaptation, risk prevention and management**
 - Flood risk reduced for 29,084 properties, of which 979 properties will directly benefit from the scheme's introduction.
- **Enhancing competitiveness**
 - Risk of damage to property, associated potential future insurance claims, has been reduced/
 - Business is taking advantage of increased tourism potential.

7. Fishing Wales

Description

A sustainable fisheries programme implementing extensive river habitats restoration and encouraging tourism via a targeted marketing campaign. It has received funding from ERDF and the Welsh Assembly.

Outcomes

- **Environmental benefits**
 - 322km of targeted river habitat improvements including in-stream habitat creation and removal of barriers to fish migration.
 - Population increase of 2000+ adult salmon and trout each year, assisting the development of the angling market.
- **Economic benefits**
 - Return on Investment of 20:1 and increased income of £10 million for West Wales and Valley s in first year.
 - Extra 2.1 million per annum for sustainable tourism, creating 75 additional FTE jobs.

8. Eco-innovation Support through Clusters in Lower Austria

Description

This involves a cluster programme in lower Austria implemented by the regional government in support of higher employment and permanent job creation. Its prime focus is on enhancing co-operation between business and research institutes by providing 'pre-competition' support for small to medium sized enterprises (SMEs) to strengthen their eco-innovation capacity. The programme uses ERDF and other EU and national funds and is targeted at the following six clusters of activity:

- **Green building** (sustainable construction and housing, energy efficiency, healthy interior environments);
- **Plastics** (focussing on bio-plastics);
- **Mechatronics** (energy efficiency in plant and machine production processes);
- **Food** (focussing on food safety, regional and bi-products);
- **Logistics** (developing innovative logistics and cooperation projects accounting for climate change and focusing on modal split);
- **Automotive** (information, marketing and cooperation services with a focus on electric mobility).

Outcomes

The cluster programme has its own 'balanced score card' comprised of 4 levels (economic targets up to 2013; changes on the client side; process and instruments; innovation potential at the cluster management side). Preliminary outcomes regarding 'client side changes' indicate that, between 2009 and the first half-year 2010, involvement of leading companies in cluster projects increased in number from 11 to 14 (the 2013 target is 25).

9. Quest for Employment, West Fife

Description

ESF project run by community-based West Fife Enterprise from 2008-10, focussed on the deprived former coalfield communities in West/Central Fife, targeting groups furthest from the labour market, particularly young people, taking them through a "full journey" employability intervention

to positive destinations. The approach gives practical experience and responsibility in dealing with waste recycling, sourcing recycled products and improving energy efficiency in the workplace, thereby providing those skills to future employers. Learning centre previously developed using redundant buildings, restored with ERDF support.

- **293 clients, 100% economically inactive**
- **100% multiply disadvantaged** in the labour market
- **66% residents of most deprived areas** in Scotland

Outcomes

- **93%** achieved part/full vocational qualifications
- **90%** improved employability confidence, **92%** learned new skills
- **53%** progressed into jobs (during the economic downturn)
- **21%** into further education/training
- **125 companies** worked with the project, providing work placements etc
- **Energy and resource efficiency** awareness and skills taken into the workplace

10. East Coast Renewables, Scotland

Description

An ERDF-supported project from 2010-13 involving 5 local authorities covering rural areas from Aberdeenshire to Fife, promoting supply chain development in green technologies by building demand among SMEs for energy efficiency and renewable energy and working with suppliers. Provides one-to-one advice from specialist consultants, covering both diagnosis and follow-up support, and networking events. Keen to include cities in the 2014-20 programmes if possible.

Outcomes

- Baseline review of businesses undertaken, database prepared. Detailed review to be undertaken at the end to quantify outputs delivered.
- Targets include technologies adopted, processes improved.
- Outcomes will include improved business competitiveness and profitability, CO2 emission reductions, improved resource efficiencies, improved networking among businesses and understanding of green technology and benefits of better environmental management.

11. Lanarkshire Sustainable Business Programme

Description

A three year ERDF-funded project building on the existing business support provision and framework by providing integrated and specific advice and support to:

- Increase and develop entrepreneurship through advice and support
- Enable these entrepreneurs and early stage businesses to improve their access to finance, develop their E business capabilities and to engender best practice in energy efficiency as a fundamental part of their business

Resource efficiency was integrated into – and a major part of – the approach to improving business competitiveness and employment. Work mostly with small companies.

Outcomes

All cases need to meet Council criteria of reducing company costs and supporting jobs. Energy and resource efficiency make an important contribution to this, with many examples given of innovative improvements, often using technology to operate more efficiently and reduce environmental impacts.

12. Green Tourism Business Initiative, Scotland

Description

This was a 2 year ERDF programme from 2009-11, with VisitScotland working with the Sustainable Tourism Partnership. It involved workshops for businesses to encourage business growth through sustainable business practices. It included business development activities like take the bus for a walk, and waste management toolkits, specifically because there was a need to bring together lots of interested parties into a project and take it forward. It has now been taken up by other agencies, using the materials produced. The project linked strategically with other VisitScotland initiatives to promote sustainable tourism.

Outcomes

The project further developed business understanding of sustainable tourism and its benefits, contributing to improved business performance and reduced environmental impacts, in line with the objectives in the VisitScotland Sustainable Tourism Strategy 2010-2015. It has helped to maintain and project Scotland's image as a quality tourism destination.

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APPENDIX 3: LIST OF INTERVIEWEES

The following individuals were interviewed in connection with this study.

NAME	ORGANISATION
Martin Auld	RSPB Scotland
Anne Barclay	Claverhouse
Alan Boyle	West Fife Enterprise
Andrew Burke	Historic Scotland
Alastair Cameron	Claverhouse
Andrew Campbell	SNH
Lesley Cannon	Scotland Europa
Rob Clarke	HIE
Keith Clement	Independent consultant
John Crawford	Scottish Enterprise
Rickard Ecksten	Scotland Europa
Andrew Faulk	Formerly SEP
Karen Fraser	Scotland Europa
Michelle Gautier	Dundee City Council
Ingrid Green	ESEC
Lorna Gregson-Macleod	Scottish Government – Structural Funds
David Hamilton	HIE
Lynn Hamilton	VisitScotland
Malcolm Leitch	West of Scotland European Forum
Ross Lilley	SNH
Muriel Mackenzie	Scottish Government– Structural Funds
Billy Mackenzie	Scottish Government – SRDP
Gordon McLaren	ESEP Ltd
Andrew Midgely	Scottish Land & Estates
Angus Murray	Comhairle nan Eilean Siar
Mark Nichol	Marine Scotland
Jo O’Hara	Scottish Government – Natural Heritage
Julian Pace	Scottish Enterprise
Peter Pitkin	SNH
Shane Rankin	Scottish Government– Structural Funds
Alison Smith	Angus Council
Vikki Swales	RSPB Scotland
Susan Tamburrini	Scottish Government– Structural Funds
Robert Tomkins	South Lanarkshire Council
Jim Watson	Marine Scotland
Barbara Whiting	Fife Council

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APPENDIX 4: MAIN FINDINGS FROM THE INTERVIEWS

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This Appendix sets out the summary from the main report, under each “component” heading, followed by more detailed comments from the interviews. Some of these expand on the points in the summary, others provide additional perspectives. The responses organised by component are followed by more responses which look ahead to the new arrangements.

Quotations are shown in italics. These are based on notes taken during interviews, which have been checked with the interviewee, but many have been edited for conciseness whilst still retaining the essence of the comment. This applies also to the quotations used in the main report.

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[EXTERNAL FACTORS](#)
[Leadership](#)
[Policy Environment](#)
[Agencies, Partners, People](#)
[INTERNAL PROCESSES & TOOLS](#)
[Strategy](#)
[Objectives & Targets](#)
[Selection criteria](#)
[Delivery](#)
[Monitoring & Evaluation](#)
[Learning & Improvement](#)
[Guidance, Support & Capacity-Building](#)
[Structures, Partners, Participants](#)
[Sustainable Outcomes](#)
[FUTURE INTEGRATION OPPORTUNITIES](#)
[SUGGESTIONS FOR FUTURE INNOVATIONS](#)
[EMPHASIS ON “SUSTAINABLE DEVELOPMENT”?](#)
[PRACTICAL SUPPORT REQUIRED IN FUTURE](#)

MAINSTREAMING

There was a clear view from all types of stakeholder (policy, management, delivery, beneficiaries and “experts”) that the approach to mainstreaming has weakened during the current (2007-13) Structural Fund programmes compared with the previous (2000 – 2006) period. It is no longer being promoted actively by programme management, where specialist advice has been withdrawn and efforts have been diverted into detailed financial auditing. Beneficiaries currently feel that it is only a “token” requirement for projects to consider environmental implications, with no expectation that performance against environmental targets will be monitored. A senior Scottish Government official agrees: *mainstreaming “has not become important enough to applicants, and it’s not tested sufficiently by the process.”*

OTHER IMPORTANT POINTS, OR EXPANSION ON THE ABOVE SUMMARY:

Several consultees made this point about ES not being seen as important. As one beneficiary said: *“I think it’s considered as a secondary requirement by applicants – projects focus on the priority theme and outputs, so if there are no environmental sustainability outputs people won’t see this as important.”*

There were beneficiaries who argued that ES was being mainstreamed in their projects; one “sustainable business” project covered a range of issues to improve business competitiveness, and resource efficiency was very much part of it. Another focused explicitly on promoting energy efficiency and renewables in rural businesses. The drive was coming more from the project

applicants themselves.

It was also argued strongly that the EAFRD, through the SRDP, was addressing the environmental agenda. Whilst some argued that this would benefit from a more strategic focus, agri-environment is clearly a substantial part of the programme.

Several interviewees contrasted the approach in the previous structural funds programming period with the current one. It was stated that the ESEP Key Policies Group had an important leadership role, particularly in 2000-6 and, to a lesser extent, during the early part of current programming period. That helped to ensure that mainstreaming was embedded more effectively into programme and project processes. Now, however, applicants are not encouraged to 'go the extra mile' in terms of integrating environmental considerations.

EXTERNAL FACTORS

Leadership

Leadership was emphasised by several respondents, both from Scottish Government and from within stakeholder bodies, as necessary to ensure the success of mainstreaming. A senior policy-maker said *"Leadership is an important dimension. It's the embodiment of saying that this is normal, it's part of good practice, not something to be frightened of."* This echoes findings from the literature review on the importance of "principal support".

However, the evidence showed that the Scottish Government drive for mainstreaming has weakened during the current programme, compared with the previous one. There was a feeling that the job was done, that *"the mainstreaming message had sunk in for programme and project stakeholders by the beginning of the 2007-13 structural funds programmes and that therefore it was not necessary to emphasise this to the same degree as in the 2000-2006 programmes."* The Government support for the mainstreaming initiatives in the earlier programmes, including resource commitment by SEPA/SNH to assist the mainstreaming process, was not maintained after 2006. There is now a recognition in Government that the environmental sustainability message has become somewhat lost. This is reflected also in a recent evaluation of the Strategic Delivery Mechanisms, which states: *"While levels of awareness of the horizontal themes of equal opportunities and environmental sustainability were found to be high, the evaluation encountered evidence to suggest that the themes were not treated as proactively as in the previous Programme phase."* (Fraser Associates, 2013)

OTHER IMPORTANT POINTS, OR EXPANSION ON THE ABOVE SUMMARY:

The importance of the political environment was noted. Politicians can shift their focus from one policy to another, and *"senior management ultimately will respond to politicians."* This effect of different policy priorities arising from a change in local authority administration can also have a significant influence on the type of projects which are taken forward.

Leadership can be reinforced by formal relationships: *"We're governed by Scottish Government environmental policy therefore this is embedded in our project design and delivery methods."*

At a regional level, ESEP Key Policies Group had an important leadership role, particularly in 2000-6 and, to a lesser extent, during the early part of current programme. That helped to ensure that mainstreaming was embedded more effectively into programme and project processes.

There was evidence of the importance of strong leadership and personal commitment to embed ES in a third-sector organisation and see opportunities which others might overlook.

Policy Environment

Looking at the wider policy environment, in recent years Scottish Government has promoted the adoption of stronger environmental management practices in its agencies as well as in local authorities – for example the Public Bodies’ Climate Change Duties set out in the Climate Change (Scotland) Act 2009. Several interviewees indicated that the awareness of environmental impacts had become more mainstream across these organisations. Scottish Government is pursuing the Low Carbon agenda and, increasingly, resource efficiency, through the economic development agencies. This emphasis may have drawn attention away from the importance of ecosystems and biodiversity, and there is a perception that Government tends to regard these as essentially rural issues.

OTHER IMPORTANT POINTS, OR EXPANSION ON THE ABOVE SUMMARY:

Beneficiaries of EU funding may find it difficult fitting the demands for mainstreaming of HTs with other pressures: *“You need to understand what the funder is looking for. Probably only the EU funds talk about “horizontal themes”, the Lottery doesn’t. It’s a different way of thinking.”*

Another characteristic of EU funding, according to one beneficiary of support for restoration of business premises, was the *“fund and forget”* mentality, making it difficult to secure funding for investment in solar panels on the same building.

Organisations often have their own environmental or sustainability strategy, which may reinforce particular aspects of the mainstreaming agenda according to the nature of the organisation. *“Two of the five key [ES mainstreaming] objectives are part of our sustainability strategy, so projects we deliver through structural funds include elements to improve environmental/ resource/ financial sustainability and low carbon. That’s the biggest driver for us. Resource efficiency is coming up the agenda, more so in the current economic climate.”*

This link of specific ES themes with economic development was commented on by another consultee: *“The story around low carbon is easier politically than biodiversity”, but “the TEEB report did get through to politicians and help build the link between economics and biodiversity. However, it’s a more difficult point to make”*. It was claimed that *“all the increase in activity is in low carbon and renewables, and there has been a loss of support for other environmental work.”*

Related to the political appeal of certain aspects of ES is the urban/rural distinction, mentioned in a number of interviews and at the Interim Workshop. One consultee spoke about the *“artificial distinction between the environment as a rural issue and a general issue”*, arguing that it should still apply in urban areas. Another explained that urban and rural environmental impacts and benefits should be looked at in a more joined-up way, recognising the inter-relationships.

Changing economic circumstances also influence the priorities for EU funding: *“The recession made an impact just after the programmes were launched, so the emphasis has been even more on jobs. I’m aware of environmental opportunities, but there are not particular training opportunities with*

environmental technologies – I have a hunch that it hasn't been exploited."

Some sectors also have a clear interest in encouraging ES, notably tourism, recognising the importance of the environment to the success of tourism in Scotland. This is recognised in a sustainable tourism strategy and a programme to encourage tourism businesses to operate more sustainably. Environmental performance of a business has now been incorporated in the mainstream grading and classification scheme.

The importance of external policy drivers was noted, e.g. the use of BREEAM by HIE for infrastructure projects as a matter of routine, as well as the low carbon agenda.

Different interpretations of SD were also highlighted. One consultee compared the idea of "sustainable economic development", which is still basically about economic development, with the Brundtland definition where the economic, social and environmental elements are fully integrated. "You can't split them into three separate elements and still call it 'sustainable development'," he said.

External policy drivers affecting EMFF were referred to: *"Development of new EMFF operational programme will account for environmental sustainability considerations via SWOT, SEA. Also important policy drivers in terms of EC directives eg. Water Framework Directive and broader Marine Strategy for Scotland."*

Agencies, Partners, People

Considering the implications for **organisations and people**, this lack of a consistent approach by Government is causing some confusion. *"It feels like the interest from SG programme management has declined. Yet, organisationally, our interest and awareness [in ES] has increased [with] issues of climate change etc and there are more questions being asked internally about how sustainable we might be."* It is clear that ES is more on the mainstream agenda for public bodies.

Whilst **organisational structures** and silos can still obstruct sharing of information and co-ordination of activity, **partnership working** including the Community Planning Partnerships (CPPs) allows information sharing and co-ordination of activities.

There are specialist organisations promoting energy efficiency and carbon emissions reduction, and agencies such as Scottish Enterprise have their own "low carbon" specialists working with companies and on strategy.

Despite this, heavy workloads and other priorities can **limit the understanding and adoption** of SD and ES.

Those working on projects are often unclear about the practical opportunities for, and benefits of, environmental integration.

Some argued that there remains a **gap between policy and practice** in terms of mainstreaming ES in general, not just in administering structural funds.

OTHER IMPORTANT POINTS, OR EXPANSION ON THE ABOVE SUMMARY:

The gap between policy and practice was highlighted in several interviews. *"I'm always concerned where policy is mentioned and practice isn't – we're very good at policy but not at practice – it*

wasn't clear to me how policy integration was linked to practical delivery." Another consultee said: *"Policy and practice are two different things. The government and organisations are very good at writing policy, but there's a big disconnect. Monitoring doesn't go on on the ground, in a sufficiently robust way [to ensure policy is carried through in practice]."*

It was argued by one proponent of ES that to achieve complementarity across funds, SNH or SEPA needed to be clear about what they wanted to get out of this, and turn up for the discussions on a long-term basis, otherwise they wouldn't get that. *"You can reduce the environmental harm, but won't get anything positive"*.

He also felt that the programme could not change the culture of organisations and the way people think on its own: it could only change thinking in relation to EU projects. *"Arguably there are so many other drivers that what programme can do is quite restricted. The more you have good projects coming through and promote them as having wider benefits, then you're helping to achieve longer term change – it needs to be a gradualist approach."*

The manager of an ESF employability project described the efforts made to reduce the environmental impacts of the organisation and the project: *"As an organisation, we have focused on improved efficiency in use of water, electricity and gas. We probably could do better. Working with clients, we have to get paperwork stamped by every employer, so we need to visit them. We try to organise it economically, covering as many as possible in one trip, working out the best route."*

Two views from national agencies indicated that people had become more aware of the importance of ES:

"I do think there's an element that in the 2000-06 programme it was necessary to work to get people to think about this stuff – so the structural funds pushed it. Now it's more on the mainstream agenda, more at the forefront of the delivery partners' thinking."

and:

"I think it is definitely much more widespread than in the past. There's a huge difference between this programme and the previous one, with a more consistent and comprehensive approach to horizontal themes generally."

I think it's more mainstreamed in organisations – it's now part of their project development - it's part and parcel of our objectives to address sustainability....it governs everything we do and how we do itIt's very much part of who we're working with, our partners, and how they're delivering it."

One manager with long experience of promoting more SD within economic development pointed to the growth in other organisations encouraging businesses to reduce their environmental impacts, whereas previously this was only being pushed by the Structural Funds. *"We need a high level agreement on priorities and responsibilities"*, he said.

INTERNAL PROCESSES & TOOLS

As one "expert" pointed out, each stage in the mainstreaming process is like a link in the chain; each one supports the others, and the process is only as strong as the weakest link. Another consultee recognised that each stage of that process is essential in turning policy into practice on ES.

Strategy

The Strategies for each of the Structural Funds are set out in the Operational Programmes. Each makes a clear commitment to Sustainable Development, tied in with EU and Scottish Government policies, and to the incorporation of the horizontal themes in all projects. The main comments on strategy related not to the Structural Funds but to the SRDP, with suggestions that it needed more of a strategic focus, linking spend to rural development and environmental priorities.

OTHER IMPORTANT POINTS, OR EXPANSION ON THE ABOVE SUMMARY:

A local authority consultee argued that the strategic documentation for the 2007-13 programme gave good coverage to the horizontal themes, setting out clear expectations backed up by the application process and scoring of applications.

Someone who was involved in the previous programmes said the mainstreaming approach at that time was comprehensive, although the first projects were positive actions such as energy efficiency projects producing outcomes which helped to encourage other applicants.

Others spoke about the main strategic drivers for their organisations – whether the low carbon theme at Scottish Enterprise, or the people-based approach of a Community Planning Partnership.

It was noted by one beneficiary that the old ERDF Objective 2 emphasis on resource efficiency was very beneficial in stimulating projects in this field.

Objectives & Targets

Objectives and targets are crucial to the success of mainstreaming ES. It was argued that there need to be targets specific to the type of projects being developed, rather than contributions to high level targets that are difficult to calculate. This requires qualitative as well as quantitative measures. Project-specific targets would indicate that it is not sufficient for a delivery body simply to adopt good corporate environmental management practices for their projects to meet the requirements of mainstreaming, as some seemed to believe. Experienced beneficiaries and policy-makers recognised the need to focus on the project itself, what it does and what it delivers. Two consultees involved in ESF activity felt, however, that the main focus was on jobs and training, and it was difficult to find appropriate targets for ES.

OTHER IMPORTANT POINTS, OR EXPANSION ON THE ABOVE SUMMARY:

A beneficiary and an “expert” felt that indicators should be specific to what a project can contribute and this would help drive projects to report what they do.

An Advisory Group member expressed a similar view, and felt that the mainstreaming agenda was hampered by the pressure to spend European money. This created a tension with the desire to ensure a tangible legacy through that expenditure.

Two consultees explained how the SRDP had started out with a holistic approach, trying to translate SD principles into practice, but the effort to capture economic, social and environmental aspects of projects proved to be too complex.

An environmental NGO representative argued that clearer baselines were required for positive

environmental outcomes leading to multiple benefits, and the example of the reintroduction of sea-eagles to Mull and the associated tourism benefits was given.

Selection criteria

Selection criteria were an important part of the Scottish regional approaches to mainstreaming SD from 2000-2006. Whilst projects are still expected to indicate their contribution to the HTs, this is seen to be much weaker now. *"It's not really embedded in the development of projects, it's thought about at the end, so it's really tokenism"*. Nevertheless, evidence was provided that some projects were subject to rigorous examination, and even refused funding, as a result of not addressing ES adequately in their application forms. Several interviewees spoke about the need for proportionality and common sense in requiring environmental sustainability in each project, and it should not be (as they appeared to see it) an impediment to development of smaller scale projects.

OTHER IMPORTANT POINTS, OR EXPANSION ON THE ABOVE SUMMARY:

A beneficiary pointed out the distinction between different ways of mainstreaming ES in a project: *"It's not about how the applicant manages environmental impacts, you need to develop something about the project itself, how it's delivered and how the environmental impacts will be mitigated."* Another put the emphasis on *what* a project delivers, in a more positive sense than mitigation of environmental impacts.

In the 2000-06 programmes, although there was some difference between the regional approaches, applicants were expected to satisfy a range of ES or SD criteria before funding would be approved. This went beyond token references to how an applicant organisation manages its own environmental impacts and was backed up by guidance, case studies and training. Now it is seen by at least one beneficiary as a *"hoop to be jumped through – tokenism"*.

In the 2000-06 Programmes, *"The application form was key –it put sustainable development criteria up front asking applicants what they would do [rather than as an afterthought] with prompts pointing to the guidance."*

For the SRDP, the use of a single application form was discarded as operationally too complex, whilst the RPAC system for assessing applications has also apparently not worked well.

One view from the Highlands and Islands, demonstrating the belief of some that environmental considerations can be opposed to economic development, was that *"..... Structural Funds and Rural Development programmes are essentially economic development programmes – to regenerate economies and communities – so very often the 'environmental agenda' may not be at the top of everyone's agenda. While it is recognised that there has to be balance, environmental issues cannot be so all pervasive that they become an impediment to economic development, people's livelihood and the retention of working populations in remoter areas."*

It was argued by some interviewees, and at the Interim Workshop, that EU funding should be used to raise standards: *"Saying it must meet the basic standards isn't enough – we should be using money to make projects we fund noticeably better – should be raising quality standards"*. This links with a point about the use of BREEAM under 'Policy Environment'.

Delivery

Delivery of environmental benefits is explicit in some projects focusing on renewable energy, or resource efficiency in business, but is less evident in others where the environment is not a primary consideration. Where the actual delivery is contracted out by strategic delivery mechanisms, there is evidence that ES is not fully understood and integrated by delivery partners, particularly in the delivery of ESF schemes.

OTHER IMPORTANT POINTS, OR EXPANSION ON THE ABOVE SUMMARY:

There were few comments by interviewees specifically relating to delivery. However, several people spoke about it from the perspective of monitoring and evaluation; for example, it was claimed that there was a lack of meaningful measurement of outputs which could demonstrate what the programmes were actually delivering. Another linked it to outcomes – if ES is built in to the outcomes from the start, and these are audited, then it will be taken seriously and environmental benefits will be delivered.

Monitoring & Evaluation

Monitoring and evaluation were emphasised by several interviewees as being crucial. *“People can write a good bid and have a bad project. If nobody is checking up on it, then the commitments may not get followed through.” “I’ve never known a project had to pay back money because it had not delivered sustainable development outcomes – these are not specifically audited.”* Financial performance dominates audit work, where every payment has to be checked, putting particular strains on ESF administration. This was highlighted several times as a major distraction for the current programmes, and as a result insufficient attention was paid to checking on what the projects should be delivering and there was no time to promote and monitor adoption of the horizontal themes. *“There are significant issues concerning the effectiveness of audit and evaluation in relation to ES within the current programmes. Relevant project activity is not being systematically measured or recorded. There are fewer relevant indicators in the current programmes and the quarterly claim forms no longer have a section on HTs to report progress against (a sign that the HTs have slipped further down the list of priorities in terms of programme management and evaluation).”*

Formal evaluation tends to focus on financial and economic performance, and quantitative assessment, although some ex post evaluations and bespoke studies have looked at the implementation of the horizontal themes.

The failure to use the **Strategic Environmental Assessment** (SEA) process proactively was highlighted. In contrast, the North Sea Interreg Programme uses it as a tool for target-setting, monitoring and reporting on progress against the original environmental baseline and SWOT assessment.

OTHER IMPORTANT POINTS, OR EXPANSION ON THE ABOVE SUMMARY:

Under-reporting was mentioned as one barrier to mainstreaming, as people often don’t know the value of some of the things they are doing. *“They don’t realise it’s about doing some good things rather than just avoiding doing things that are bad.”* This was highlighted by one tourism project team which was struggling to work out what to report in terms of contributions to ES: *“Although*

horizontal themes are on our meeting agendas, there's uncertainty over how to report progress. What would be the outputs? No-one is available to advise on this currently."

And Mid-term evaluations don't go into environmental impacts in depth – they focus more on economic development and jobs.

A beneficiary of ESF support indicated that there had been little opportunity to promote good practice in SD in the current programme. *"We've been bogged down in the compliance nightmare which prevented any more strategic thinking. All chasing bus tickets! It's been poor on what programmes actually achieve, more about inputs."*

Another beneficiary highlighted the problem of a focus on quantitative targets: *"Too many people are numbers oriented. They often miss the opportunity for the added value dimensions."* A policy officer made a similar point: *"Need to find effective ways of capturing qualitative information regarding ES in the absence of a wide range of well-suited indicators. Case studies as a very important tool for that."*

Monitoring and evaluation of the benefits of integrating ES and SD in the programmes was a weak feature in the previous programmes as well as the current ones. Whilst in 2000-2006 there was a strong emphasis on building these in to project design, *"We didn't follow through, to see what the benefits were and what worked and what didn't."*

But the importance of doing this was highlighted by a senior public sector manager: *"If we're trying to mainstream it in the other themes, if we're really serious, we have to explain to people and demonstrate how it will provide benefits in monitoring and auditing – and people are already busy enough."*

One beneficiary explained how this could be done with a programme of support to businesses: *"Some of the initial easy wins were easy to calculate as we went along, other outputs, unless we did intense monitoring as we went along...we decided to do a baseline at the start and build a database of businesses. We will do a detailed review at the end; it's difficult to know whether we've hit outputs in terms of technologies adopted, processes improved, I would think we won't have problems meeting our outputs based on what businesses are working on here locally – feedback is good – I think we'll hit our percentage of outputs."*

Another complication is the distinction between "outputs" and "outcomes", which one consultee on an advisory group felt were often mixed up. *"One of the things poorly done has been reviewing objectives and targets – we tended to review the processes or the means objectives, rather than the ends objectives, and we also tended to use outcomes rather than outputs. There is always a mixup between outcomes and outputs. Outputs are the targets you agreed to deliver – things you can control. The outcomes are the things you'd like to happen if everything else worked that you'd like to control..the real thing that we need to focus on is outputs, what we actually gave the money for. But we avoid measuring the outputs, and point to the outcomes. I feel this strongly – we are extremely vague because it's useful to be."*

Several other consultees made similar points on the *"lack of data that can be used to assess the real impact of some developments"*, whilst another stated that *"when it comes to auditing, nobody's interested. You write these things [on ES] and you're measured against them at the application stage. But when you've done your project, nobody even asks you what you did"*.

Some of these comments related to the SRDP as much as the Structural Funds. However, it was

pointed out that there has been a monitoring programme for SRDP, but it takes a lot of time to get results which may not turn out to be very useful. The emphasis is now shifting to qualitative data and case studies despite continuing demands for quantitative measurement.

Learning & Improvement

Learning should flow from formal evaluation and practical experience, stimulating **improvement** in future programmes and projects, and the understanding of the theory and practice of SD and ES. The review of the early pilot project in which ESEP took part regarded SD (and by implication ES) mainstreaming *“as a process of learning and adaptation”*. However, an “expert” said that barriers to mainstreaming included *“the change of staff and the impact on organisational memory”*, and *“when promoting SD is not seen as a learning process but another task – not as something more fundamental, with broader societal benefits.”* Another stated that experience provides *“key lessons in operationalising mainstreaming, but people don’t want to learn from the experience of others.”* At the Interim Workshop, it was argued that although we had been trying to promote mainstreaming of HTs through two 7-year programmes, we still had a lot to learn.

OTHER IMPORTANT POINTS, OR EXPANSION ON THE ABOVE SUMMARY:

A member of one of the advisory groups during the past two programming periods was concerned that the group no longer met to discuss applications, instead scoring the projects remotely. As a result, an opportunity was missed to share knowledge about the projects and discuss how environmental aspects could be encouraged. This does not however appear to be the case with all the advisory groups.

Interviews with beneficiaries showed how they apply the learning from their previous project experience, recognising what had worked well and what was less successful.

One aspect of the ESEP approach in 2000-06 was the use of project review workshops for practitioners, looking for ways in which each others’ projects could be improved by building in SD features. A current beneficiary felt that this kind of technique could be extremely useful to give a practical understanding of how to build HTs in to specific projects.

Guidance, Support & Capacity-Building

Guidance, support and capacity-building are the means by which learning is transferred to those taking on the task of mainstreaming. Scottish Government felt that this was no longer required when the current programmes were launched. However, the evidence above on learning shows that the task is a lengthy one, although the support mechanisms may change.

One experienced manager, providing guidance to operational colleagues, said that *“as ever we’re on a journey; you can see a change has taken place over the past 10 years....we’ve agreed to update our guidance and toolkits, using simple language and case studies, but we’re not yet at a stage where we can exit it.”* The sense that knowledge constantly evolves was echoed by a beneficiary working with businesses: *“technology is constantly changing; we need to keep building up our expertise to identify what opportunities there are.”*

Resources are required to provide this expertise, and the changes in 2007 removed the national and regional support arrangements for mainstreaming HTs, to the perceived detriment of the process.

OTHER IMPORTANT POINTS, OR EXPANSION ON THE ABOVE SUMMARY:

Sometimes the expertise is available in a different department: *“We have people with environmental expertise but not I’m aware of people going to them to find out how to include it. We need to get that message over – how to address it at the design stage.”*

Even though policy people may understand what is needed, this may not be the case for those managing projects, as two interviewees pointed out:

“Putting sustainability at the heart of it – for all that you get different environmental strategies, what you expect to do at project level doesn’t change much – energy use, water use, taking opportunities with urban greenspace, housing insulation etc – these things are well understood by us but less by project managers; in the absence of a top-down push by management they may not have come across these approaches.”

“We see that now in the policies of the organisation, but there’s still a step to be made to the actions, and people don’t necessarily have the knowledge and the skillsets. It would need guidance and training. People deliver projects in a certain way, and tend to have environment / SD / Equal Opportunities at the end. There’s still a long way to go to achieve full integration.”

The removal of guidance and support from Programme Management was referred to by several people:

“there was also an effect from the move away from Intermediate Advisory Bodies. Their role was not just the administration of the Programmes, they were also supporting project development. It didn’t happen this time round – ESEP only had the process role – previously they used to discuss applications with project managers.”

“Since ESEP’s role was taken into Scottish Government, most of the guidance has gone. There was something on equal opportunities, but I don’t recall anything on sustainable development or environmental sustainability.”

ESEP had provided detailed guidance around the 12 SD project criteria, redesigned the application form around these, gathered case studies and ran training workshops for practitioners. The national advisor on SD funded by SEPA and SNH was also on ESEP’s Key Policies Group, which developed the criteria and guidance in consultation with policy-makers and practitioners from partner organisations. This approach helped build understanding across the Partnership of how SD could contribute towards economic development objectives.

One beneficiary quoted a situation where ESEP guidance on environmental enhancements to lower the carbon footprint had helped him to challenge the local authority successfully over its plans for refurbishing premises for his organisation to work from.

The approach to mainstreaming used at Strathclyde European Partnership was that initially projects submitted to SEP were approved subject to their meeting environmental criteria – which drove up the demand for training in the first year, but in the following years people realised it was better to build this in at the start.

The capacity-building process at SEP was explained thus:

*“We had appropriate questions in the application form, and **gave examples**, it was about what projects did. You can’t ask them to contribute to broad environmental objectives – you **have to make it meaningful** to them at project delivery level – providing some **guidance and best practice** and **showing the benefits**. **Don’t start with the theory**”*

*This was backed up by training so there is clarity for everyone on what is required. Did some theory to explain **why** we were doing it, then had some good **examples**, then gave people **projects**, and asked them based on what they'd learned, **what they'd do differently to make it better** – it enabled them to see that most projects did better on the economic side. That would get people realising it was good and their project would be more exciting – it did stimulate enthusiasm, although some were there because they had to be.”*

The lack of guidance currently is not just an issue in the LUPS area. A consultee in the HIP area said that *“Other than the guidance in the Programme Complement, I am not really aware of any further practical support as such. Responses to the environmental aspects of any project are led by the nature of the project itself and previous experience garnered by officers in responding to such questions on similar types of projects assisted in the past.... It is probably fair to say that the cross cutting themes section is the one that gives applicants most trouble in terms of ‘fit’, depending on the project ...So, while we have moved on from a tick box exercise, there may be scope for further training, awareness raising and education in terms of addressing these questions.”*

The importance of practical guidance was stated not just by beneficiaries, but also this policy-maker: *“Case studies and guiding principles are the most effective aspects of capacity building for ES mainstreaming. There is too much focus on filling in the application and not enough on project practice.”*

Some ERDF beneficiaries realise they lack some of the expertise in-house, and bring in external specialists to support project delivery: *“We draw on an external organisation for energy efficiency audits, and another for outdoor environmental activity”*. Another reported: *“The model with consultants worked for us – we did it on quite a small scale compared with the Energy Savings Trust or the Carbon Trust – we trusted people we’ve used in the past – they worked almost as part of the team – have to be very carefully selected – don’t want to build a host of people into a team. Need to bring in the right skills for the job, so you have the expertise, but know some businesses have not had good experience of big consultancies brought in for schemes and just ticking a box to achieve their funding.”*

A similar situation was discussed in relation to the SRDP, where advisors have an important role in showing farmers where they can benefit from the various schemes. There is also training provided by the SAC (now part of Scotland’s Rural College), funded by Scottish Government, mostly for groups. The EAFRD also funds training for farmers through Monitor Farms, although one interviewee claimed that the lessons from these farms were not being taken back into policy making. The RSPB provides a free advisory service for land managers and farmers in relation to conservation aspects of projects within the context of the programme, although its resources for this are quite limited.

Structures, Partners, Participants

Participants in the process of administering and delivering structural funds should gradually build their understanding of the benefits of mainstreaming HTs and the means of achieving this. As the ESEP experience showed, involvement of partners in shaping the mechanisms for mainstreaming can build real understanding, ownership and commitment to make it work. The LEADER programme provides a model for bringing together local stakeholders in rural communities to achieve multiple benefits which could be used more widely.

Some stakeholders argued that mainstreaming means there is no need for anyone to champion the

process, as it becomes everyone's responsibility. However, the evidence from the current PMCs, and exercises such as the 2012 Scottish Parliament review of Structural Funds⁷, indicates that when there are competing pressures for attention, this leads to no-one taking responsibility.

There is still a need for champions with sufficient knowledge and authority to make sure that ES is discussed and built in to the processes, so that it cannot be regarded as a disposable or optional topic. Leadership is required to ensure this happens in practice.

OTHER IMPORTANT POINTS, OR EXPANSION ON THE ABOVE SUMMARY:

Two interviewees gave useful insights into partnership thinking on ES:

"At a partnership level, environmental considerations are definitely being brought in and they are influencing thinking on what can be done in the new programmes. But there's a tendency to think that most environmental aspects are covered by SRDP, and most of the rest is low carbon, with resource efficiency across all programmes."

"It's everybody's responsibility to promote horizontal themes – I think generally the advisory group pays a lot of attention to horizontal themes."

The advisory groups I'm on had meetings and found them really useful for exchanging views. I think some project sponsors find difficulty articulating what it is – I think it is down to training and information."

However, partnership working on a specific project can have its downside, as one beneficiary indicated: *"You have to recognise there are a lot of benefits for working in partnership, but also challenges for getting consensus for activity, and getting momentum when a lot of you are involved, getting decisions, and trying to develop things at a distance from each other – we've got better at it, bearing in mind we'd not worked together like this before. Maybe we should have tried to get clearer consensus at the start on where our common interests lay. We should be clearer about our priorities, to bond us in partnership."*

Another form of partnership is the Community Planning Partnerships (CPPs), and it was reported that *"There's not a consistent approach by the CPPs – we lack standardisation across CPPs, not just for horizontal themes, also different procedures and contracting. We would like to see greater consistency around what works well. It is obviously there, where the CPP can make a difference, where organisations all work together under a single programme."*

In rural development, references were made to the restricted use of LEADER. One respondent felt there were too many LAGS and a resulting lack of strategic co-ordination,. Others felt that the LEADER organisational model should be extended into other types of project, integrating spending across the range of programmes. It was argued that it was an example of how multiple benefits could be achieved through funding, using an approach that links stakeholders, tests new ways of doing things and facilitates initiatives.

Innovative approaches to applying ES in rural development were down to a small percentage of enthusiastic individuals, it was claimed, whilst "for most, it's the funding that makes things happen".

Other points relevant here are included earlier under "Learning and Improvement" and "Guidance, Support and Capacity Building"

⁷ Scottish Parliament, European and External Relations Committee 5th Report, 2012: EU Structural Funds, available at <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/52798.aspx>

Sustainable Outcomes

Sustainable outcomes should be the end result of all these processes, although one interviewee cautioned against focusing just on outcomes, which were subject to many other influences. In his view, the focus should be on measuring outputs, which should include both quantitative and qualitative environmental benefits. Examples of qualitative benefits could include increased sharing of environmental experience among businesses or farmers, improved physical connections between important wildlife habitats, or greater self-confidence among trainees in identifying opportunities for energy efficiency.

OTHER IMPORTANT POINTS, OR EXPANSION ON THE ABOVE SUMMARY:

Points recorded earlier about raising standards or adding value with EU funding (under “Selection Criteria”) and making a clearer distinction between outputs and outcomes (under “Monitoring & Evaluation”) are relevant here.

LOOKING AHEAD

Interviewees were also asked to look ahead to the new programmes. The following tables are made up of edited comments from the interviews.

FUTURE INTEGRATION OPPORTUNITIES

Some expected improvements

At the heart of what we’re trying to do is achieve integration, rather than the funds tripping each other up. We’re eager to avoid that so that all the funds and interventions are quite deliberate in their focus on Europe 2020 targets and these are targets we have to address across all the funds. They will all have the obligation to address ES and GE, so there must be a better prospect of achieving progress in these areas. The SDPs will be more challenging of organisations and agencies trying to put forward programmes. I hope those agencies will find that they have to be rather alive to new challenges, alive to the 2020 targets and have to demonstrate that what they want to do complements other interventions so that we get significant impact, so each intervention shouldn’t exist entirely in isolation, it has to support or fit with other interventions.

Would hope innovation will be encouraged because one size doesn’t fit all, and local solutions are needed – local flavour will lend itself to innovation – we know from evidence that things that delivered well in Central Scotland don’t work in the Highlands with dispersed clients and businesses. SDPs will be challenged to come up with things that work at local level.

In ESF, unit costing and outcome-based payments should be more straightforward.

Challenge Partners - They’ll be round the table when the SDPs set up shadow arrangements and beyond – job to test, to question, and put in ideas, and challenge suggestions from lead partners.

Some positive suggestions:

Contractual obligations can be used to promote ES and SD – there are things you can do to encourage that – can be more prescriptive and strengthen the reference to HTs.

Would hope there will be opportunities for complementary measures from different funds, rather than creating an “environmental ghetto”. It is important to the economy...National Parks are where it comes to a head, in a rural context.... one of their frustrations is they get labelled with the “rural” thing but they are also about economic development.

We haven’t spoken yet as part of the development process, whether or not these big strategic applications [in each theme] will still have to say what their contribution is to the other two themes. Overall, they should contribute to the partnership agreement.

Would like to see better alignment of projects to policies within community planning.

We integrate ERDF and ESF support to businesses. There is some common documentation, but we separate out the funding streams. It cuts the administration and gives joined-up support to the company.

Push towards larger, more strategic projects – need to target the people sitting on the Strategic Delivery Partnerships

We’ll need to put most effort into the areas where we’re not performing well in terms of the 2020 targets, and we’re doing more than most on low carbon already.

Resource efficiency is not a luxury – it needs to be driven through everything – whereas jobs and growth tend to be more practical priorities.

I do think there is a role for partners on the SDPs with horizontal theme expertise, as well as the PAMC.

Scope for co-ordination/facilitation role to ensure better strategic linkages within and between funds. Currently, programmes (SF/SRDP/Fisheries Fund) lack an integrative element.

We should be trying a more strategic approach [in rural development], maybe integrating with structural funds, to help in tackling big objectives, such as peatland management. At the moment we don’t think in this kind of integrated fashion.

Some potential for greater complementarity [of EMFF with SFs] via community led local development model being promoted by Commission. Challenging to translate theory of the model into practice on the ground.

Some criticisms, potential obstacles and downsides:

The Government is trying to make it simpler, but this could mean losing flexibility and the scope for innovation, as happened with the SDB pilots.

Would be new and positive for funds to be able to work together but it needs a high degree of management to mix and match between funds, saying how they want them to work together, along

with someone with the job of looking at it all and trying to build in ES

Fund integration would be lovely if we could get it, but we're not near it yet, you get departmental silos locally, in Scottish Government and the EU. Each follows its own priorities, processes and timetables, with an unwillingness to work across boundaries.

CPPs will have a lot to grapple with: governance, delivery, output-based models, unit costing – a lot to be done, not only around standardisation but also the extent of the changes they'll have to manage – a lot of effort will have to go in. ES could be squeezed out unless given higher priority.

I would like to see a more strategic and co-ordinated approach to rural development, and don't think 22 proposed LEADER groups achieve that. It becomes too fragmented, you don't get a strategic overview – you get duplication of resources, rather than complementary activity. I would have welcomed a more integrated approach for strategy and delivery, a 2-way integrated fund, to work out what's the best we can get – indicating a recognition that in rural areas there are needs that have to be met at more than just the micro level.

Some rural spending could be better aligned, e.g. SRDP funds a lot of farm tourism, but it's totally in isolation from what the tourism strategy is. Other bodies could get involved in design and delivery, rather than the team with an agricultural focus.

Personally, I am in favour of keeping programmes separate with separate lines of reporting and accountability. Keeps it clean and particularly when accountability for the four funds is to different Directorates within Scottish Government – Structural Funds, Agricultural and Fisheries. In saying that, one would think that a set of environmental criteria with regard to future EU programmes would be consistent across the board – why would there be a need to say anything different?

Working across local authority boundaries becomes extremely complicated.

Geographical restrictions on eligibility restrict the opportunities for integration, e.g. between rural and urban areas in the East of Scotland.

ESF rules on eligibility can get in the way of integration, with more expensive or complicated arrangements being required.

We're heading towards a new structure of programme funding, it will be divided up by a few large mainstream providers, I'm not sure how the NGO sector will fit in. To get access to do discrete things we'd like to do won't feature on anyone's radar unless this sort of work is clearly specified.

Governance structure in new programme likely to be challenging in sense that single PMC proposed for Structural Funds and SRDP programmes but EMFF subject to a UK PMC for that fund. Adds a layer of complexity to getting a co-ordinated 'read-across' in terms of fund allocations and complementarity.

Interesting switch in emphasis at EC level in that demarcation between funds has been stressed as a guiding principle to avoid duplication of activities and resource implications of that. Partly the reason that there has been no history of using EMFF in combination with Structural Funds and EAFRD up to now. But new emphasis is on greater complementarity.

SUGGESTIONS AND EXAMPLES FOR FUTURE INNOVATIONS

Mainstreaming ES could be done through a variety of methods. There is the thematic objective of the low carbon economy but this could be used horizontally to encourage investments under other thematic objectives to focus on environmental sustainability... For example, there could be a condition on any business assisted with ERDF to develop (if not already in existence) a resource efficiency plan and to implement.

Require SDPs to produce ES Action Plans which identify how they will address ES issues within the context of funded projects/programmes which outline positive action as well as mainstreaming actions and require them to report on progress to the PMC on an annual basis.

Need to get away from it being a tag-on, it has to be part of the project proposal, specific to a project, not a standard commitment lifted from a book. It might be to test a new approach, but you shouldn't be penalised if it doesn't work, as long as you can show it's been considered.

Make ES criteria a condition of grant where appropriate and identify ways in which that can be measured in practice.

SEAs tend to be heavy with data that isn't necessary, and isn't used. They should be smaller, more targeted documents. They could identify strategic environmental issues and challenges and be used in setting targets. This could be an effective way to make better use of the SEA process.

The big difference is that low carbon and resource efficiency are key objectives this time. If we follow that structure there will definitely be outputs related to that pillar. Then it will be important for the PMC to assert the horizontal themes.

Would love to run something for businesses with a bigger push to energy efficiency and reducing environmental impact.

Further opportunities for integration in new programmes e.g. in relation to food and drink sector. Local food processing and environmental considerations.

Potential to make stronger links between SRDP and ERDF/ESF, both in terms of avoiding duplication of investment and potential complementarity of investments. E.g. business development initiatives (SRDP interventions tend to be at the rural micro-business scale) and possible links to skills training provision via ESF investments.

There could be some ESF projects contributing to the Environment and Resource Efficiency theme, but co-financing will be critical to this. E.g. Zero-Waste Scotland. It might be aimed at micro-businesses and SMEs, people at entry level, equipping them with the knowledge and skills to make things more efficient in a business and yield financial benefits quickly. We tried this idea 2 years ago with SDS but it wasn't a priority then.

The interpretation of 'environment' has been relatively narrow within Scottish SF programmes to date. Needs to embrace wider range of aspects including biodiversity, ecosystems services etc in terms of their relationships with economic and social development. For example, there is a close relationship between nature/green infrastructure and physical and mental wellbeing.

Scotland Europa is thinking about what we can really do to address the really critical things we are

facing, the societal challenges. We're gearing up more to these programmes, e.g. the LIFE programme for the environment and climate change. It's not a very big budget, but the UK is underspent. The Commission has proposed a model under LIFE for integrated projects, which deliver across a range of EU funds. For example, there's a lot of money in the EU CAP for greening agriculture, but how can this be made to work better, around biodiversity and environmental management? Could money be used from LIFE for people management, so they can use the payments to farms more effectively?

Only one thing, mentioned about using ESIF funds in combination, pooling resources of a number of funds to create a fund nationally for a specific purpose. One is to do with using the environment to benefit health more. Also this objective of creating networks in urban and peri-urban situations to improve the environment where people live – could use a number of funds to provide for a wide range of social and economic and environmental benefits.

Never see any projects coming forward to control degradation of natural systems. They are all to do something with specific economic objective – no projects doing anything for ecosystem services. A pound spent now will save 10 in the future

Maybe hard pilot projects – getting some projects off the ground from some of the more emerging technologies that lead in this area – might be able to use these to raise community awareness as well, e.g. onshore wind. If people more readily understood, there could be wider adoption. Methil has a big turbine proposed, as well as the Hydrogen Office. Maybe smaller scale demonstration projects, transport one – in comparison to a conventional vehicle – people start to understand how it can be applied and how it benefits them.

There's been a message from the head of the evaluation unit in DG Regio that there is more scope for qualitative, case study-based approaches – no guidance has been published – it wants to leave it to Member States to come up with results in the way they think best. We do already have case studies in annual reports, but I think they are looking for them more as an evaluative tool rather than a reporting tool. This can help with replication elsewhere.

Life cycle costing – link to sustainable procurement/ Scottish Government procurement policy – it could be looked at in the selection criteria for contracts

Food from Argyll project a good example of the type of innovative, collaborative element that funding can help encourage. Initiated by Argyll and Bute Agricultural Forum who received LEADER funding to animate projects such as this within the agricultural and forestry sectors.

LEADER can be used to fund a project officer to plan a project and bring the various stakeholders together. Landscape scale land management for Black Grouse in Argyll an example of that process.

Need to get better integration of environmental funding via EAFRD and other funds so as to encourage environmental outcomes relating to e.g.: greenhouse gas emissions; resource efficiency and encouraging more sustainable (green?) infrastructure. Important roles for planning process and Strategic Environmental Assessment to play in these contexts.

New EAFRD regulations do provide for more ecosystems-based management – with higher rates of payment for collaboration, support for the joint approaches – it's not politically contentious – it's a matter of persuading the Scottish Government to use it.

Innovation doesn't have to be seen as doing something new. It's more about doing things

differently. For example doing things across farm boundaries, and different rural businesses doing things jointly, sharing facilities.

Knowledge transfer an important aspect of developing innovative approaches. E.g. LEADER funding used to visit other areas to see how similar challenges/issues are tackled in these areas.

It would be really good if the structural funds could make scope for added value components, if not the structural funds then who?

Should pay for outcomes rather than inputs to recognise environmental added value.

FUTURE EMPHASIS ON “SUSTAINABLE DEVELOPMENT”?

This attracted views around 3 main considerations:

The uncertainty just causes confusion – too many concepts

Here we go again. Can’t we agree a terminology and stick with it?

SD is what you want to achieve. But if you talk about it, people interpret it in different ways. If you talk about ES, people can’t misinterpret it. I would tend to fall back on a phrase like concentrating on the environmental aspects of SD.

A barrier to mainstreaming is the blurring of the distinction between ES and SD which is always there.

The term “sustainable development” used to work for people but I don’t know what happened, why it was dropped.

Don’t know, I think there are rather too many of these integrating concepts, so if we are talking about SD, I myself think that we ought to stick with SD, we ought to be pushing it, but it’s rather disappointingly necessary to remind people that SD doesn’t just mean economic sustainability, or that the three aspects of SD can’t be entirely satisfactorily addressed separately from each other. The stuff that SNH has been trying to do has been environmental sustainability. If it actually underpins the economic, and it has pretty profound consequences for the environment, we have to deal with them together. I rather wonder if some of the other integrating concepts like the ecosystems approach, will mean people struggling with those rather than sticking with what they’ve learned about SD. Maybe it’s more about systems thinking. How do you stick with one concept, or do you reinvent it to keep it at the forefront of people’s minds?

Adjust the message to the particular audience – SD works for some, not others

There’s a problem when it gets too conceptual – we’re working with people and groups, and tend to talk about “sustainable employment” meaning that they don’t bounce back out of work, and what’s needed to achieve this.

I think it would be helpful, I think when talking about the bigger more strategic organisations, and the Local Authorities, it’s understood and becoming mainstreamed in the strategic approach and the approach to project development. I think it breaks down at a smaller scale, with the voluntary

sector. It's the nature of working at the micro level that people are interested in their own particular locality and they appreciate the wider picture less.

The effect of emphasising "sustainable development" depends totally on the audience – it's down to people and what they understand. Some companies and sectors are comfortable with some terms, others aren't – a generic approach is hard to apply – but it would be helpful to stick with the one term. We pulled together people on opportunities for chemical sciences and talked about low carbon opportunities – scientists said it's not correct use of this terminology!

The trick is in the messaging – how it is delivered to a business – people's eyes tend to glaze over – they'll associate it more with woollier issues, don't see a benefit from it – has to have clear benefit to business finances or their profile to customers. More businesses were keen to develop a profile that said the right things 4 or 5 years ago – they don't see a clear benefit at the moment, it has to be about the basics.

"SD" is useful for what we want to achieve

SD is helpful – it's not just about environmental, but gives a broader idea of what we're looking for.

The focus of activities listed as eligible for funding under the thematic priorities offers potential for developing innovative approaches to rural and urban economic development within the broader context of sustainable development.

Holistic approach to mainstreaming is really important so that relevant wider connections are made between environment and economic and social aspects of sustainable development.

PRACTICAL SUPPORT REQUIRED IN FUTURE (CAPACITY-BUILDING)

There was agreement from nearly all consultees on the need for practical support for mainstreaming ES in the future programmes, with a range of specific suggestions.

Targeting

I think it would all help, targeted to people who need it.

Yes, I like the idea of a sustainable development audit of a project at the design stage, to see how you could think about it differently. But you need to target the people who own the projects.

We have the CEO and Chairman highlighting the importance of Low Carbon now – it's the project managers in the middle who we need to get to.

How the contractors get access to expertise they may need is another issue – top down, a lot will use expertise they have on tap. May need to offer support to a delivery agent. Will still get the bottom-up, e.g. via communities

Case studies and good practice

If there's some good practice on an SD approach it's useful that it's brought in.

I think there's a lot of knowledge out there, and it needs some sort of mechanism to pull it together. We have case studies and evaluations we can offer.

There should be prompts, key questions, "think about these three things", backed up with case studies.

Champions / specialists

I can see the logic if there are 600 applications, bottom up, but if we're looking for 8-10 big interventions from big agencies, we don't want them to not address environmental issues right at the start, and we don't want a panel of experts imposing it on them. I think the way we are structuring the SDPs in shadow form, there should be sufficient grasp of these fundamental requirements among those individuals, at least to ask the questions, even if the expertise isn't in the room, they will get to tease that out, and get an appropriate answer. I'm reluctant to suggest we pull together a group of experts to test them out; this encourages them to retro-fit application to the situation – it's better to challenge the SDPs early on to get the lead partners to think it through so they buy into it and have ownership – I think there's enough expertise in the agencies of one kind or another, or enough awareness, to know where to get advice, e.g. from SEPA or the Equalities Commission, and they need to be encouraged to find it.

If we create a committee of experts, people will ignore them, and think that's the issue ticked off.

You need someone to have the job of looking at it all and trying to build in ES – that raises the question of whether you can get buy-in of the partners to that post.

Yes, it would be important to be able to draw on specialist expertise. It would be very useful to get some understanding, to have some sort of expert input into how we could really deliver on the environmental sustainability issue. Europe 2020 is not just about smart, inclusive growth, but also sustainable growth – and at the moment we're missing a couple of levels down to say what it looks like, setting challenging and realistic aspirations, with reduced funding. For example, meeting greenhouse gas targets, and renewable energy... There should be practical guidance related to what they do. It should be built in to how they design the projects, not just in the application form.

Yes [you need specialists], because otherwise you're assuming a level of knowledge for everyone else to take responsibility – you need to have people with the time to discuss, who have expertise – we used to do it, and there was more understanding of HTs.

Need for champions in relation to ES within organisations to enable them to identify opportunities to mobilise resources in support of mainstreaming. But important to note that role of champions is to encourage mainstreaming, rather than take sole responsibility for ensuring that it happens in practice.

There's a definite need for appropriate expertise to be available to the PMC

Loads of things – it's hard to know – it's hard to recall where we were 10 years ago, still need a a specialist team to be doing this stuff, providing support. Need to know where the opportunities are, the real markets to go after.

Not sure a virtual centre of expertise is appropriate – could see the agriculture advisory service being adapted and widened to cover other sources of advice. A lot of agencies have people internally dealing with environmental issues.

A centre of expertise? There's the ECCEI where the ClimateXChange is a bridge between business, policy and research. There's a similar one on water. There isn't one on biodiversity – but we have SNH. There can be a problem identifying individuals responsible for environmental sustainability – it should be a corporate responsibility. One of the risks is that people don't like to speak to an environmental body as they see it as a regulator, they think they may stop them from doing something, rather than being helpful.

Systems and on-line communities

Need for Communities of Practice in relation to ES and other horizontal themes (this is something that the European Commission is very keen to see happening). At EU level that could involve EC Desk Officers, the Managing Authorities and relevant Non-Government Organisations. Activities and elements of good practice could then be cascaded down to programme level in Scotland. Need to explore innovative ways of doing this (e.g. electronically via a digital platform/social media etc).

Commission has been developing a knowledge management system to improve targeting of spend, but SG says there's not enough funding to extend it to farmers. But it would help to make more of the funds, through better targeting.

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APPENDIX 5: SUMMARY OF WORKSHOP DISCUSSIONS

Mainstreaming Environmental Sustainability in EU funding 2014-2020

Interim Project Meeting – Apex House, Edinburgh 11 June 2013

Summary Note of Meeting

Attendance

Martin Auld	RSPB
Kirsten Beddows	Scottish Government
John Crawford	Scottish Enterprise
Jenny Faichney	SEPA
Lorna Gregson-MacLeod	Scottish Government
Bryan McGrath	Scottish Borders Council
Muriel MacKenzie	Scottish Government
Jo O'Hara	Scottish Government
Claudia Rowse	SNH (project manager)
Tim Birley	Independent consultant (facilitator of the session)
Andrew Llanwarne	Independent consultant
Calum MacLeod	Independent consultant
Alan Speedie	Independent consultant

Purpose of the workshop, and initial presentation

After introductions by the project manager and facilitator, the consultancy team presented a brief summary of the investigations undertaken to date.

The workshop had been arranged to:

- present the emerging findings from the study,
- get the views of the steering group and other invited participants on whether it was on the right track
- seek further help to develop the work, identify gaps and other areas to look into.

The literature review had indicated a need for high level commitment, a good strategic fit and evidence base; appropriate project selection criteria; maintaining networking and good

practice exchange between main sponsors; and a rigorous performance framework for measuring Horizontal Themes.

Key elements for integrating environmental sustainability and sustainable development included case studies; clear and strong guidance; definition and profile of sustainable development in national and regional strategies; and political and administrative stability

The interviews had identified the main obstacles, which included sustainable development still being regarded as an 'add-on', and tokenism, with no follow-up monitoring of environmental benefits. The main enablers included people with expertise and responsibility to promote environmental sustainability, along with practical guidance, and personal commitment and creativity. There has been a perceived slipping back since the early 2000s; results have been very uneven but there have been some good 'win-wins'. There has been a focus on exemplars, rather than mainstreaming.

Main proposal: ensuring win-wins are maximised

The emerging arrangements for the 2014-2020 Programme are complex with the risk that integration and mainstreaming opportunities could be lost. Early action is needed to secure the benefits before these arrangements are consolidated. A diagram was circulated of the proposed new structure, titled 'Ensuring environmental sustainability in new funding programme governance & delivery'.

The promotion of "win-wins" could be achieved by circumventing the complex management arrangements and linking projects directly to Europe 2020 and specifically the 11 thematic objectives. AL referred to the good case studies circulated by CR which illustrated how these multiple benefits could be presented.

Discussion

It was pointed out that the Scottish Government was developing targets and indicators in its IT system relevant to Scotland; SG would sort out the relationship to the 2020 targets. The "Scottish modulation" shown in the diagram should therefore be emphasised, and these general European targets made more specific to Scottish priorities and circumstances.

Among the suggestions and concerns raised were:

- inverting the diagram, with projects at the top and Europe 2020 at the bottom
- "ticking boxes" under all three headings could dilute the main efforts, with the alternative view that experience had shown that seeking shared benefits had improved the performance of economic activities
- it was important to encourage people to think more widely about their project, and EU funding had encouraged this
- the move away from challenge funding risked losing sight of SD in "sponsored" projects
- SRDP was too focused on many small projects, and could be more targeted on what it wanted to achieve
- whether the existing agri-rural Advisory Services might be adapted to provide expertise for projects more widely.

There was discussion as to whether the three thematic themes coincided with the three dimensions of sustainable development. In response to a comment that the term “environment” was used too loosely, and it should also cover biodiversity, it was pointed out that this was covered by the thematic objective.

The Commission had expressed concern under Equal Opportunities because too few positive action projects are coming through – there is too much mainstreaming instead.

Proportionality was another tricky issue. Mainstreaming requirements should be ‘proportionate and relevant’ to smaller projects, yet sometimes against expectations it’s smaller projects that deliver on all three, rather than bigger organisations.

It was argued that more needed to be done on the horizontal themes. After three programmes trying to do this, ‘more stick’ is needed if the Scottish Government is serious about SD, with the horizontal themes up front to encourage people to think differently.

On “low carbon”, it was pointed out that there are now many sources of funding and advice for companies, and there was an issue of where EU funding could add value. This produced the response that the increase in activity had all been in low carbon and renewables, whilst other environmental work had lost out. This also raised the issue of changing terminology, as “low carbon” is taken by Scottish Enterprise to cover all its work on sustainability.

The key messages were summarised by the facilitator as:

- More emphasis on Scotland Performs and the Scottish priorities, these then being linked into Europe 2020 and
- Mainstreaming – if you get core sustainable development activities into the three themed funds, via Scottish indicators to Europe 2020, then sustainable development is not a ‘bolt-on’ and you don’t need separate reporting on a horizontal theme of sustainable development

Following a break, there was further discussion on the **other emerging proposals:**

Realising the potential of the SEA process

It was argued that the timing of the process was wrong, since it is done too late and the SWOT was done too early, under pressure from the Commission. Scepticism was expressed about the value of the process as it stands. It was suggested that it should be a living document, iterative, linked into the process, identifying the key issues, and revisited over the seven years of a funding programme.

Establish virtual centre of expertise

There appeared to be broad agreement on the need for relevant expertise to be available for policy-makers as well as those designing projects, although some organisations already had their own in-house expertise. Although it would be a requirement for the PAMC to have senior representation from environmental bodies, it was pointed out that the existing PMCs had too much on their agendas to leave time for discussion on horizontal themes. This situation would be even worse given the wider remit of the PAMC.

Some comparator centres of expertise were considered, such as the Netherlands Commission for Environmental Assessment; something linked to the “Learning for Sustainability” initiative in schools; the Sustainable Scotland Network, networking effectively with a small staff; and the ECCI, working on water and climate through its CREW and

ClimateXChange programmes. Currently it is felt that SNH meets the need for such a centre on biodiversity.

It was commented that there can be a problem if individuals are given responsibility for environmental sustainability as this enabled others to avoid responsibility. It should be a corporate shared responsibility.

Some doubts were also expressed about case studies and their misuse. These can just be copied and may discourage innovation and creativity.

It was pointed out that there is consideration at a senior policy level of establishing closer links with LIFE and Interreg, which could be relevant to the idea of a Centre of Expertise.

Co-ordinate funds to support rural development

Feedback from some interviews had suggested that rural programmes aren't currently contributing sufficiently to sustainable development. The case studies circulated in advance of the meeting all had some relationship with farming, but only one of the 5 was funded by EAFRD.

It was argued that had been difficulties with SRDP achieving multiple benefits, whilst LEADER can drive innovation. Even though much of the budget is spent on agri-environment, it was necessary to think more strategically about what we mean by "environment". Other comments pointed to the existence of some contradictions in the regulatory mechanism, and the importance of reasserting the protection of the capital asset, i.e. the environment.

It was agreed to give further consideration to this question, as well as the fisheries dimension, and indeed the urban dimension to provide a balanced picture. Terminology also had to be used carefully.

Strong emphasis on resource efficiency

It was agreed this is an important area – although not just carbon efficiency. It has implications and benefits across all the themed funds. Given the existing activity in this area, the programmes would need to add value

Ensure 3rd sector is not squeezed out

Concerns had been raised by some interviewees that the new structure appeared to exclude the third sector, even though it is a source of a lot of enthusiasm and innovation. However, it was pointed out that "Challenge Partners" including representatives of the voluntary sector would now be included in all the strategic delivery partnerships. In addition, it was pointed out that local authorities are engaged with communities, so it is misleading to present the voluntary sector as "bridging the gap" between the public agencies and communities.

Funding for environmental added value

The "finding" that tight budgets could result in projects only satisfying basic standards was disputed. EU funding was very much about raising standards, whilst Scottish Enterprise was not allowed to support companies merely to meet regulatory standards. Projects were already encouraged to go beyond standards. It was agreed that this be rethought, perhaps revised to 'raising ambition'.

Introduce life-cycle costing

This might be an alternative way to incentivise initiatives with higher up-front costs that provided environmental benefits. Going for the cheapest, you don't necessarily get the best return for expenditure over the life cycle. However, doubts were expressed whether it would fit with Commission reporting. It was suggested that there could be a link to sustainable procurement/Scottish Government procurement policy – it could be looked at in the selection criteria for contracts.

Other suggestions

In response to a request for any other suggestions:

- Leadership was raised as an important dimension.
- It was agreed that the assessment needed to look in a balanced way at all the funds, urban as well as rural opportunities for integration, and link to the cities agenda.
- Another suggestion was to take account of issues of environmental justice, access to the natural world for people in cities, and the links to e.g. the health agenda.
- It was agreed that the EU eco-systems agenda should also be included.

More detailed findings

Due to time constraints the remainder of the presentation was completed quickly, including:

- more on the literature review
- barriers and enablers from the interviews
- the opinion of Commission services on the UK proposals
- aspects of sustainable development mainstreaming
- case studies
- the 'policy – delivery – learning' cycle and the importance of the whole chain and the need to avoid weak links
- areas for further work

Discussing the timescales, a focus on the 'top end' issues was suggested, with the rest to come later. Some parts are more urgent to influence Scottish Government processes and the early work of the shadow Strategic Delivery Partnerships. These are thinking about design sooner than application and implementation, looking at the top two stages in the policy circle.

The consultants agreed to discuss in more detail what would be helpful to see earlier, and to look into providing this. The draft report was planned for early July.

Andrew Llanwarne / Alan Speedie – 14 June 2013

Further minor editing – 16 August 2013

Mainstreaming Environmental Sustainability in European Structural and Investment Funds Programmes - 2014-20

Comments from Stornoway Workshop Session - June 4th 2013

The following comments were made by participants in a workshop session on mainstreaming held in Stornoway in June. The overall workshop was concerned with learning lessons from the Highlands & Islands Structural Funds programmes, aimed at programme stakeholders. Comments are numbered to denote different speakers.

Emphasis and Audit

*2 ES is still there as a theme and, whatever the project, we're expected to comment on how we're going to achieve ES or work towards that. Two points 1) certain projects lend themselves to more obvious, overt forms of ES although all projects should consider it. That's come through from the fact there's a horizontal theme. My concern about that, though, is that when it comes to auditing, nobody's interested. You write these things and you're measured against them at the application stage. But when you've done your project, nobody even asks you what you did. Did you live up to your standards? Did you implement anything? We've got half a process.

Guidance

*5 Tendency to take 'belt and braces' approach to look at every single possible environmental impact or fall back on fairly bland wording which doesn't really mean anything. Just says that "I've considered this". I can't think of any projects we've done where we've got into hot water because there are issues around environmental impact. It can be about outcomes but, 99 times out of 100, it's because we've got a bus ticket missing or something like that. We've been told this is important but there's not a lot of guidance about it, and experience suggests that, down the line, nobody's going to be that interested in it.

*2 Social inclusion have equalities impact assessments for projects, but no encouragement to deal with ES impacts, carbon impacts or anything of that nature which might lend itself to more thought,. Not covered in guidance or suggested that you should do such assessments in project applications. Put something down, but we're not asking you to prove it.

Application requirements

*1 Requirements need to be appropriate. Some requirements are more so for capital projects. What's the point in having a mandatory thing for example, for a childcare project? It's just wasting people's time.

*5 There are some projects that have environmental outcomes so you specify those. But for many projects, you can say it's not going to do environmental damage that [breaks the law]. What's desirable and best practice [at one level] and what's legally required at other level.

*6 It's almost like a tick box exercise. More advice is fine but to what extent can you go beyond tick box to think about sustainability in the design of the project? That comes in higher up the project design stage rather than in a box at the end of the application form. Needs to be more up-front in the application process if ES really going to be mainstreamed.

*2 Some of the ES evidence presented in applications is rather meaningless in terms of the things we're trying to deal with.... It's about trying to do something more positive.

*7 Some projects out there that are doing really good environmental things. Not capturing them. Not enough awareness. Need better, more informed guidance about that we mean. Not a tick box exercise. And get a better way of capturing the good stories.

*2 Project results and outputs are essentially watered down, easily digestible elements of what projects about. Particularly for ESF, get a lot of outputs and outcomes that aren't even touched because they don't fit with the reporting programme. Talking about people moving along pipelines and other, softer outcomes.... A lot of ES elements have softer outcomes. We don't know how to deal with them. We're not sure about what we should be saying, apart from general statements we've already echoed. It's not that people aren't interested. We don't want to look like we're wiping it off the agenda by putting puerile statements into application forms.

NPP project asked for a narrative to explain how programme themes were met. Your take on how your project had touched on other elements. Good to get it off your chest and say what you meant rather than having to fit a series of ill-fitting boxes.

*2 Procurement as a barrier. ES doesn't feature as criteria for [procurement]. Not recognised in EU procurement process which is more strictly related to, effectively, price. Rather than what non-monetary values might be.

Drivers for ES.

*8 Planning system which drives. Low carbon technology element in planning system. Helps you to tick box for ES in application but would be happening anyway.

*9 Match funding. Sustrans giving money for active travel projects.

*7 With quarterly reports, you're so busy focusing on whether you have the right number of bus tickets, by the time you're past that you think 'phew, I'm not going to bother writing anything about environmental sustainability or equal opps because I don't have to. I've done what I absolutely have to do on it'. We're trying to capture a bit now on all HTs in our internal evaluation. That's just because we think we should be doing that. As a tick box exercise we're being asked to take it seriously, but is it of the same level of priority as "did you spend the money"?

Leadership on HTs

*2 In my experience, in the early applications we had back in 2007 there was an interest. Teams in the IAB at the time were pushing to make sure we had thought about HTs. As the programme has gone on, it's become lost in the malaise of other administration and has become less featured. In fact, I can't remember the last time I had a conversation about HTs with SG officers.

*5 I think at start of programme, Govt and others had quite a rose-tinted, idealistic view that projects should be contributing should be equality and environmental impacts. So probably featured more at start of programmes. When you get into the nitty-gritty down the line, it becomes more about N+2 and projects meeting targets that were identified. I can't remember us being pulled up or questioned about the HTs for any project. If what's supposed to be delivered is being delivered and the money is being used ok, then 'tick'....When there is pressure on other things the HTs get relegated.

*6 Is SG pushing the HTs in the Advisory Groups. That's where the message will come. "Your project failed because it didn't do well on the HTs".

*2 It feels like the interest from SG programme management has declined. Yet, organisationally, our interest and awareness [in ES] has increased. We have management plans and targets.....Had to take on issues of climate change etc and there are more questions being asked internally about how sustainable we might be. That's raised the awareness quite considerably but at the same time the questions from the programme management team certainly have gone down.

More effective ways to mainstream in new programmes

*9 SG doing reasonably well on targets for renewables. One figure they are not doing so well on is emissions from transport. So excluding sustainable transport from funding is a serious omission.

*10 If thinking of doing something really different, why not stand it on its head and have the application form saying, "Are you claiming environmental benefits? If you are, tell us how and you can have an extra 5% intervention rate". Getting people to comply is one thing, but if you're actually trying to stimulate something, it stigmatises what you're trying to do if you need to find a bendy way to show ES in your project if it's a childcare project for example.

*2 One of the strands in the IEE Programme 2 years ago offered intervention rate so that if you showed you were doing things towards resource efficiency, you got extra intervention rate beyond baseline of 35%. Largely for softer outcome side, but only lasted for one bid.

*6 Incentivise, but some activities can do more ES and some can be driven by planning agenda. Make it an eligibility criterion rather than a scoring criterion.

*12 You feel you've got to say something positive in terms of the scoring to get points. Saying why project will not have negative impact would be a change of emphasis.

*7 Have to have scope for both approaches (eg ES specific projects and more general projects with ES elements too).

SRDP

*11 I take it from the other end with the environmental schemes. What are they actually achieving? How many corncrakes are you going to save? Do we know what we're achieving with all this money going to farmers? What are the outcomes? There's a lot of money going through there where we don't actually know what the benefit is at the other end.

Partnership

*6 Partnership important to try and ensure Highlands and Islands influence on the programmes and the process. From the little we know about the forthcoming partnerships, are they there to get the best projects using a strategic approach from the Scottish Funds or are they there just to provide the match funding? The cynical side of me says it's the latter, rather than saying "what's the best way of doing that?" and getting the relevant stakeholders round the table... It's a programme for growth and jobs and the HTs will have lip service.

Practical support

*6 Written guidance a waste of time if you don't actually read it. Tried workshops before, but not too sure if that had any impact

*1 Guidance is good if you've got a project where there will be an impact. Not so good with project with low or no ES impact. What sort of things would you expect to see in relation to a childcare or child minders training project for example?

*7 Ability to bring in e.g. SNH around ES/good practice may be possible in terms of packages of projects. Can PMC have a role in that regard?

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APPENDIX 6: BRIEFING NOTE TO SHADOW STRATEGIC DELIVERY PARTNERSHIPS (SDPs)

As indicated in Appendix 5, it was agreed at the Interim Workshop to prepare an early output from this study to contribute to the imminent discussions at the Shadow Strategic Delivery Partnerships. This would give the opportunity to emphasise the importance of mainstreaming environmental sustainability and to indicate some opportunities for taking this forward. The full Briefing is set out below.

MAINSTREAMING ENVIRONMENTAL SUSTAINABILITY IN E.U. FUNDING PROGRAMMES 2014-20 **- BRIEFING FOR SHADOW STRATEGIC DELIVERY PARTNERSHIPS**

Introduction

This short Briefing is intended to inform the Shadow SDPs about the issues and opportunities in relation to mainstreaming of environmental sustainability, and sustainable development more broadly, to assist them in preparing their proposals for programme design and project selection.

Environmental sustainability and social well-being are fundamental to the Scottish Government's purpose of enabling Scotland to flourish through sustainable economic growth. Sustainable development has been enshrined in the EU treaties as an overarching objective of EU policies since 1997, and is one of the horizontal themes to be implemented through EU structural and investment funds. It is embedded in the Europe 2020 aim of Smart, Sustainable and Inclusive Growth and the 11 Thematic Objectives.

The new programming period of 2014-2020 will begin at a time of severe constraints on public expenditure. A more integrated approach to the management of EU funds provides the opportunity to maximise the cost-effectiveness of interventions through better design and by increasing the connections between them. The mainstreaming of environmental sustainability across funds, themes and projects can make an important contribution to this.

With this in mind, a Study has been commissioned by SNH on behalf of Scottish Government. It draws on evidence of current programmes in order to identify innovative ways of incorporating environmental sustainability into the delivery of the new programmes and maximising the overall benefits to society from this. This Briefing draws on the early findings from the Study.

Background

The current Study focuses on the following themes: Resource Efficiency; Environmental Protection; Climate Change; Biodiversity; and Ecosystem Services.

As in the current programmes, environmental mainstreaming will involve a dual approach:

- Support for projects specifically designed to achieve positive environmental impacts, primarily within the theme for Low Carbon, Resource Efficiency and the Environment
- Ensuring that all projects across all the themes address environmental sustainability as appropriate.

Furthermore, given the Scottish Government's priority to achieve sustainable economic growth, all supported projects should seek to achieve wider sustainability benefits in terms of economic, social and environmental outcomes.

Evidence from the current and previous programmes

Key requirements for mainstreaming environmental sustainability:

1. High level commitment and understanding
2. Good strategic fit and evidence base
3. Designing sustainability in from the start, not as an afterthought
4. Appropriate project selection criteria
5. A rigorous performance framework for measuring and monitoring horizontal themes
6. Advice, guidance material and case studies
7. Networking and good practice exchange between project sponsors

Common Obstacles

1. A lack of real commitment, targets and monitoring, resulting in tokenism
2. Overemphasis on financial and economic indicators and outcomes
3. Over-reliance on quantitative measures alone and neglect of qualitative assessment
4. Silo-based thinking – reluctance to consult and involve others
5. Time constraints – environmental sustainability is often pushed off the agenda

Case Studies

There are many documented examples, from EU-funded programmes and elsewhere, demonstrating that efforts to integrate environmental thinking into project design can produce multiple benefits ("win-win situations"). These range from resource efficiency projects contributing to business competitiveness, climate change targets and skills development, to 3rd sector organisations finding creative ways to achieve environmental benefits through employability programmes. Detailed examples will be provided in the Study report.

Opportunities for the SDPs to mainstream Environmental Sustainability

The proposals for integrating the management and delivery of the Structural and Investment Funds for 2014-2020 offer a number of opportunities for mainstreaming environmental sustainability and achieving multiple benefits, such as:

1. SDPs bring together a variety of perspectives to stimulate creativity in project design
2. There is increasing understanding of the economic and social value of ecosystems and biodiversity which could be considered in relation to the objectives of the programmes
3. The Strategic Environmental Assessment process could be used more effectively in setting programme objectives and monitoring progress
4. Several partners, such as Scottish Enterprise and the environmental agencies, have significant in-house expertise in sustainable development, resource efficiency, low carbon and environmental management which could be shared with other partners
5. The processes for project design, procurement, delivery, monitoring and evaluation can be shaped to ensure horizontal themes are incorporated at all stages, not just as “tick boxes”
6. Challenge Partners can also make a creative contribution to this process
7. With fewer, bigger projects, integrating the environment at the design stage and in project-specific targets and monitoring can really pay off
8. Bottom-up innovation in delivery can be encouraged through flexible specifications
9. Each project can provide its own story (case study) for reporting and evaluation purposes, with the Commission now encouraging this
10. Annual reporting specifically on horizontal themes can demonstrate progress being achieved and stimulate wider adoption of models and techniques being used.

Next Steps

Experience shows that mainstreaming initiatives are likely to be most effective if partners work together to shape the processes, building in environmental sustainability and promoting win-win situations at each stage. This fosters ownership of the processes and understanding of the benefits. Someone should have responsibility and accountability, on behalf of Scottish Government, for ensuring that sufficient time is devoted to this task. It may be appropriate to identify a facilitator, possibly from one of the partner bodies, to work across the three Shadow SDPs to consider the opportunities listed above, invite other suggestions, and prioritise these. A joint session would help to finalise a set of shared procedures, with some flexibility to reflect the differing nature of projects in each Theme. This would also help to stimulate ideas for innovative projects cutting across the Themes.

Conclusion

Climate change, resource efficiency and biodiversity loss are high on the political agenda, at a time of continuing economic weakness which limits government capacity to respond. The new approach to the management and delivery of the Structural and Investment Funds is therefore very timely as it

enables the Scottish Government and its delivery partners to demonstrate how these apparently conflicting challenges can be tackled together through creative thinking built on the lessons of experience.

The Mainstreaming of Environmental Sustainability Study is due to report by mid-August with more detailed explanation, recommendations and supporting evidence.

IDEAction & Associates – 1 July 2013
SNH Project Manager – Claudia Rowse

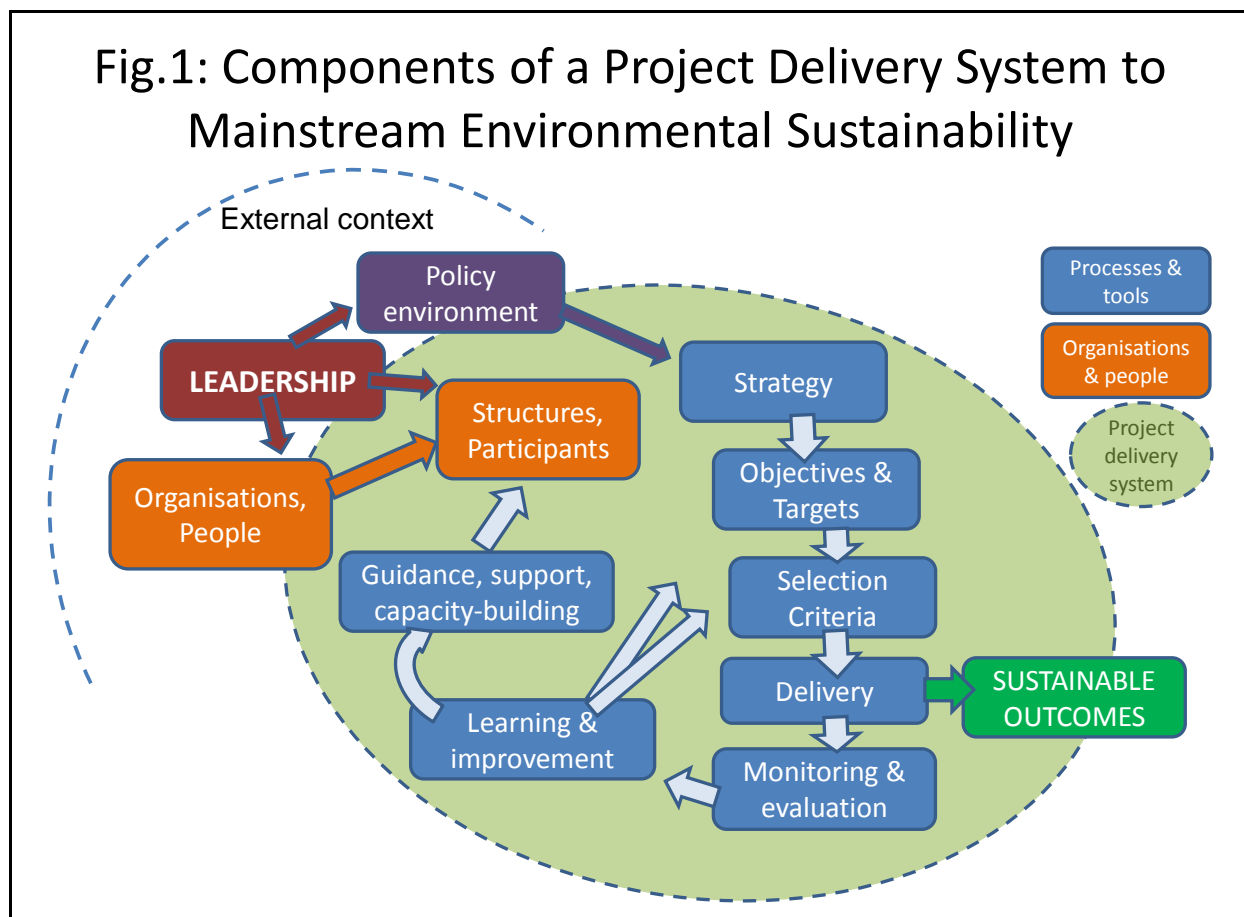
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APPENDIX 7: ANALYTICAL MODEL – THE PROJECT DELIVERY SYSTEM

This is the model used to organise and analyse the study findings in Part 2. The significance of each of the components of this model for mainstreaming are explained in this appendix.

The Barriers and Enablers in subsection 2.7, the proposals in Part 3, and the Key Messages at the start of the report are presented in a simplified version of this model, focusing on:

- Leadership & Commitment
- Design & Delivery (including Objectives & Targets, Selection Criteria, Delivery)
- Monitoring & Evaluation
- Capacity Building (including Learning & Improvement)



This model of the Project Delivery System draws on a number of influences, including the EFQM Excellence Model, a model describing “performance or conformance orientation” developed by Berman (1980), Armenakis et al (1993, 2002) and Macleod and By (2007) in the fields of implementation studies and change management respectively, and the Project Lifecycle developed at Scottish Enterprise in 2004-5.

The Project Delivery System is made up of a set of processes, tools and techniques managed within an organisational structure by partner organisations represented by individual participants. It is shaped by factors crossing the boundary into the external environment, which can support or undermine its effectiveness in delivering the desired outcomes (in this case, incorporating environmental sustainability within projects wherever possible). The detailed components and their significance for mainstreaming can be described as follows.

COMPONENTS	Significance for mainstreaming
EXTERNAL FACTORS	These exist independently of the Project Delivery System, but together develop, and contribute to the effective operation of, that System.
<ul style="list-style-type: none"> Leadership 	<p>High level commitment, pro-active leadership and tangible support are required - to implement Government policies and to drive through the required changes to established attitudes and ways of working.</p> <p>This leadership legitimises and prioritises the key objectives, whilst providing the necessary momentum to overcome inertia and confront obstacles during mainstreaming.</p>
<ul style="list-style-type: none"> Policy Environment 	<p>Consistency between wider policy objectives and the programme strategy is necessary - to avoid confusion and ensure that programme targets, systems and procedures are designed to achieve these policy objectives.</p> <p>Policy contradictions can make it easier for opponents to resist implementation of change.</p> <p>In relation to European funds, this includes EU, UK and Scottish Government policies.</p>
<ul style="list-style-type: none"> Agencies, Partners, People 	<p>Government agencies and other partner organisations, and individuals, can reinforce the official policies and priorities, if there is sufficient consistency in approach and understanding of what these policies entail.</p> <p>This can be difficult to achieve in the complex areas of sustainable development and environmental sustainability, which organisations and individuals can interpret differently according to their own responsibilities and experience.</p>
PROCESSES & TOOLS	<p>These shape the way that business is dealt with, and should be designed to translate policy into practice, resulting in the intended outcomes.</p> <p>They are crucial to ensure that environmental sustainability is mainstreamed rather than being seen as an “afterthought” or an “optional extra” which can be disregarded provided economic and social objectives are addressed.</p>
<ul style="list-style-type: none"> Strategy 	The Programme Strategy should identify priorities to deliver environmental sustainability as well as economic development and social well-being.
<ul style="list-style-type: none"> Objectives & targets 	There should be specific objectives and appropriate targets to achieve the environmental benefits.
<ul style="list-style-type: none"> Selection criteria 	All projects should be expected to satisfy criteria for assessing contributions to economic, social and environmental objectives to achieve mainstreaming . The environmental dimension should not be seen as an afterthought.

	However, the criteria should not be so tight and prescriptive as to discourage innovation in project design.
<ul style="list-style-type: none"> • Delivery 	Project management procedures should be in place to ensure that environmental objectives are not lost sight of during delivery. From a programme management perspective, this is achieved by effective monitoring and reporting of progress.
<ul style="list-style-type: none"> • Monitoring & evaluation 	Monitoring and reporting systems are required to ensure that environmental targets are taken seriously, alongside economic, social and financial targets. The environmental dimension should feature at all stages of evaluation, helping to set targets (using SEA), report on progress, and analyse the achievements of the programme.
<ul style="list-style-type: none"> • Learning & improvement 	An evaluation process should be in place to provide clear lessons for the design and management of future programmes and projects. Lessons should also emerge from the ongoing management of the programme and be used in a process of continuous improvement and capacity building.
<ul style="list-style-type: none"> • Guidance, support, capacity-building 	This should be a combination of training and guidance, incorporating policies and procedures but backed up by the lessons of experience shared among practitioners. Some may act as “champions” to demonstrate how change can be implemented and the benefits which it can provide. Others may be identified as “experts” who can be consulted for detailed advice. In this situation, it is crucial in building a shared understanding of what is meant by sustainable development in the context of regional development. The support arrangements should explore ways of incorporating environmental sustainability across diverse projects to produce multiple long-term benefits (win-win situations). Case studies designed as learning tools can make this more relevant and comprehensible to practitioners.
SUSTAINABLE OUTCOMES	Whether or not multiple long-term benefits (including environmental benefits) are achieved, sustainable outcomes will be demonstrated through formal evaluation and individual case studies.
STRUCTURES, PARTICIPANTS	The organisational framework for management of the programme, including the structure, responsibilities and working arrangements of management and delivery groups, should be designed to ensure that environmental sustainability, and the horizontal themes as a whole, are given the necessary priority. The capacity-building process should ensure that participants in these groups have a shared understanding of the importance of environmental sustainability and the horizontal themes.

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Project timescale:

Project initiation meeting 27 March 2013 → Final report submitted 30 August 2013